

Initial Luster Of New Money Begins to Fade For Europe

Amid Political Interference,
The Euro Has Yet to Foster
A Unified Monetary Policy

By John Vinocur
International Herald Tribune

Two months after its rollout into the market, the euro is well into the process of becoming a no-longer-new-currency. The long haul is setting in. A great and historic enterprise, the money is one that Alan Greenspan, chairman of the U.S. Federal Reserve Board, said last week would take years to be significantly tested. But as a former chairman of Salomon Brothers Inc., Robert Denham, observed last March, the perception of the euro's success would be enmeshed in its performance in early days.

NEWS ANALYSIS

"If you start a hedge fund, you've got to be good right away, within six months, or you're never going to be George Soros," he said. "The euro is locked into that reality."

Generally speaking, the euro is still waiting to shine, losing about 7 percent of its value since its introduction Jan. 1. Its presence has created no new burst of passion for European integration among the 11 member countries of "Euroland," and after its first day or two, no new sense of challenge to the dollar's role as the global money.

But the euro has shown characteristics that may last as strong first impressions:

- The currency is not immune from political interference.
- It has not found a commanding, representative voice.

Before any other impressions were formed, the markets and the money managers watched the remarkable circumstance of the euro's value being effectively talked down by Oskar Lafontaine, the German finance minister. This politicization could raise lingering questions about the euro's stability.

Political pressure on independent central banks, like the European Central Bank, is hardly unheard of, but Mr. Lafontaine, who wants the ECB to lower interest rates and thinks a softer euro could stimulate trade, appeared in two months to have convinced segments of the exchange market that the euro's future is going to have to contend with his ongoing downside bias.

This perception encounters reality Thursday when the ECB meets with an eye on Europe's overall economic slowdown, most severe in Germany, but accentuated by weak fourth-quarter performance in French and Italian industry. The problem would be that, after saying that neither lowering the cost of borrowing nor creating a cheaper euro really get at the causes of Euroland's difficulties, a decision by the bank for an interest rate cut would look like a less than independent response.

Although Mr. Lafontaine may not be German finance minister forever — it would be tough to run a German re-election campaign this or any other week on devaluing the international value of German cash holdings by 7 percent — a German economist, Wilhelm Hankel, said the Social Democrat's demand-oriented position had already succeeded in turning German policy into a security risk for the euro.

Mr. Lafontaine's approach meant that "mistrust in the euro will remain and very possibly grow," the Frankfurter Allgemeine Zeitung asserted in an editorial last week. This came, inconveniently, while the European Central Bank's vice president, Christian Noyer, was in Asia, telling government officials and bankers about the euro's brilliant future.

Whatever else its effect, Mr. Lafontaine's will-

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FLEEING — Indonesians rushing to board a ship after more than three days and nights of waiting in Ambon. About 1,300 people attempted to leave Sunday amid mounting tension following sectarian clashes in the troubled region. Page 4.

Police Chief Beat Anwar, Lawyer Confirms

By Thomas Fuller
International Herald Tribune

KUALA LUMPUR — Five months after Anwar Ibrahim was blindfolded and severely beaten in police custody, a lawyer for the retired chief of police stumped a packed courtroom Sunday by admitting that his client had delivered the blows to the ousted deputy prime minister.

A lawyer for Abdul Rahim Noor, who was the country's highest ranking police officer

before he resigned this year, told a commission looking into the beating that his client had "lost his cool" after Mr. Anwar accused him of being the "father of all dogs."

"He acted under grave provocation," the lawyer said.

Mr. Anwar, who was handcuffed and blindfolded during the incident, denied any provocation or that any words had been spoken before he was beaten.

The commission of inquiry into Mr. An-

war's injuries, closely watched by Malaysians, comes at a sensitive time for the country's governing coalition, which must call elections before April next year.

Details of the beating — which convulsed the political establishment and shocked the country — have come into focus in the last week following testimony from doctors who examined the former deputy prime minister, from police officers near the scene at the time

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Kosovo Intransigence Tests NATO's Credibility



One year after the opening clash, ethnic Albanian rebels marching Sunday in the Kosovo village of Likosne to mark the outbreak of their war for independence from Belgrade.

Role of Peacekeepers Also Ill-Defined

By Craig R. Whitney
New York Times Service

PARIS — With Serbian troops disregarding a NATO ultimatum to stop fighting in Kosovo and withdraw from the southern Serbian province or risk air attacks, the allies could face the gravest test of their credibility since they forced a settlement of the war in Bosnia more than three years ago.

Time and again, the allies have been insisting since last spring that they would not stand by and watch, as they did for years in Bosnia, while Serbian forces committed atrocities against civilians.

Yet not even the threat of 400 bombers, including B-52s, has been able to get the Yugoslav president, Slobodan Milosevic, to agree to accept a force of 28,000 international peacekeepers for Kosovo as part of a settlement that would provide autonomy for the province.

With the threats aimed primarily against the Serbs, the military leaders of the ethnic Albanians who are fighting for independence for the province, which is 90 percent ethnic Albanian, defied warnings from the Clinton administration and its European allies that bombing would only go ahead if the Serbian side was clearly the main obstacle to an accord.

Threats may have turned to bluster Tuesday after the peace talks in Rambouillet castle on the outskirts of Paris broke off with only half-

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Former General Appears to Win Easily in Nigeria Presidential Vote

But Opponent Alleges Fraud,
Posing Risk to the Credibility
Of Transition to Civilian Rule

By James Rupert
Washington Post Service

LAGOS — A former Nigerian military ruler, Olusegun Obasanjo, appeared to have handily won election Sunday as the country's civilian president, but his opponent, Olu Falae, rejected the voting results as tainted by fraud.

With results reported from 32 of Nigeria's 36 states, Mr. Obasanjo, a retired general, had 62 percent of the vote compared with 38 percent for Mr. Falae, a former finance minister.

Nigerian and international election monitors said they had seen disturbing amounts of voting fraud on Saturday, but not enough to throw into doubt the emerging victory of Mr. Obasanjo, who relinquished power 20 years ago.

Still, Mr. Falae's accusation that the election had been stolen, combined with the monitors' accounts of localized fraud, will dent the credibility within Nigeria of the election and of the civilian government that is to take power in May. As Nigeria tries to stabilize itself after 15 years of ruthless military rule, credible elections have been seen as essential to allowing a new government to address the country's economic and political crises.

In a transition to civilian rule that analysts say will influence pro-democracy efforts throughout Africa, "any serious challenge to the legitimacy of this election is bad news," said a Western diplomat in Nigeria.

If Mr. Falae continues his challenge, it will reinforce political discontent among the ethnic Yoruba in the southwest, who backed him over Mr. Obasanjo.

There appears to be no likelihood of any civil upheaval over the issue. In the seven-month-old political transition following the unexpected death of General Sani Abacha, the former military ruler, last June, many Nigerians have said that the process is undemocratic and unduly influenced by the military officer corps. Still, such critics insist that the transition must be allowed to continue, to ensure that the military hands over power on May 29, as promised by the current military ruler, General Abdulsalam Abubakar.

By early evening, Mr. Obasanjo had won about 17 million votes of the 27 million tallied by the Independent National Election Commission.

Turnout appeared to be slightly higher than the 50 percent of the 40 million voters recorded during previous ballots, in this latest of many attempts to break the hold of the military in the oil-producing country of 108 million people, Africa's most populous.

But Mr. Falae said in his hometown, Akure, that "clearly this is not a free and fair election." He also said he would not congratulate Mr. Obasanjo on his apparent victory.

At the election commission headquarters in Abuja, a senior aide to Mr. Falae, Ayo Opatokun, announced that Falae campaign officials were dissatisfied with the collation of voting tallies and were withdrawing from their role as observers of the count. He did not elaborate on the Falae camp's dissatisfaction.

Foreign election observers, including Colin Powell, the retired American general, and former President Jimmy Carter, said they had seen disturbing cases of ballot-box stuffing on Saturday, but they said the fraud would affect the outcome only if the reported margin of victory was small.

"There were some disparities," Mr. Carter said. He said "local officials apparently permitted exaggerated reports of voter participation and in some cases that we witnessed, there were some ballots in the box that were not cast by voters." But observers said they had not seen evidence of systematic, nationwide fraud. Nor had they found evidence that fraud had been directed by either candidate or by the military government, which is directing the transition to civilian rule.

Nigeria will need international acceptance of its election to help end its political isolation and attract investment after a long period of authoritarian, corrupt

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Japan Redefines Death

Transplants From Brain-Dead Donor Are a First

By Mary Jordan
Washington Post Service

TOKYO — In a milestone for Japanese medicine that has transfixed Japan, doctors performed the first legal organ transplant from a brain-dead patient Sunday.

Japan stands apart from virtually every other advanced country in its reluctance to legally recognize brain death. Until a recent law did just that, the age-old definition of death — a stopped heart — was the legal definition of death in Japan. That meant that no heart was ever available for transplantation.

To the increasing embarrassment and anger of many in the medical community here, critically ill patients have had to board planes and fly to the United

States or other countries for transplant operations that Japanese doctors long have had the ability to perform.

Among the Japanese public there continues to be a strong cultural aversion to donating or receiving organs; some believe one's body should be intact for its journey to the afterlife, and others feel that if they accept a part of another person's body, they are also accepting part of the person's soul.

But bowing to growing public acceptance of organ donation as well as pressure from patients' groups and physicians, the Parliament passed a law 16 months ago that allowed transplants from brain-dead donors.

The first transplant case since the law was passed involved a 44-year-old stroke victim who had taken the rare step here of signing a donor card. Her heart was flown to one city for a gravely ill man and her liver to another city for another male patient, and her two kidneys were being prepared for two more patients. This case has been so heavily reported by the media here that the donor's family at one point threatened to halt the operations.

Press helicopters filmed the police-led escort of the motorcade carrying the donor heart to the Osaka hospital.

The only other heart transplant ever performed in Japan was in 1968. The heart surgeon that did it was investigated for murder because even though the donor was brain dead, the heart was still beating.

AGENDA

Israel Strikes in Lebanon After General Is Killed

Israeli planes raided suspected guerrilla hideouts in southern and eastern Lebanon on Sunday night after Hezbollah militants killed Israel's top general stationed in occupied southern Lebanon. The guerrillas detonated twin bombs beside a military convoy Sunday, killing Brigadier General Erez Gerstein and three other Israelis. Page 7.

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Yeltsin in Clinic Again For New Ulcer Problem

President Boris Yeltsin was taken back to a Moscow clinic after the recurrence of a bleeding ulcer. But his personal physician said there was no danger and no further surgery would be required. The new deterioration in Mr. Yeltsin's health came amid maneuvering in Moscow to strip the president of his authority to dismiss the prime minister, if he chose to do so in a conflict, and to dissolve Parliament. Page 8.

Clinton Defends Policy

President Bill Clinton defended his foreign policy in a 50-minute speech in which he emphasized the "inexorable logic of globalization." Without American leadership, he warned, even increased trade and economic growth will not be sufficient to guarantee peace, wealth or environmental protection. Page 4.

How to Sell Lewinsky's Angst in a Saturated Market

By Doreen Carvajal
New York Times Service

NEW YORK — Call it Monica Inc. From the New York base of this sprawling global concern, sales are still being tallied for its complete line of pay-for-angst products.

Singaporean and Israeli television stations have made investments and await shrink-wrapped, tamper-proof videotapes of a 50-minute interview with Monica Lewinsky, which will be delivered by special couriers only to registered recipients.

French television has passed up the opportunity for a video confessional, but the magazine Paris Match has bought first serial rights to publish an excerpt from

Ms. Lewinsky's coming book of woe, "Monica's Story" (St. Martin's Press, \$24.95), which comes with a bonus interview with Ms. Lewinsky.

Publications like the British gossip magazine Hello have paid for photo spreads of Ms. Lewinsky that include a pensive portrait of her, nestled on a striped, overstuffed sofa with downcast eyes, a basket of yarn below her, knitting.

But there's nothing knit-and-purl about the furious pace of business swirling about Ms. Lewinsky, whose advisers have even considered an Internet chat site about her that would seek advertising. As the dates approach this week for ABC's two-hour interview and publication of the book about her travails, other related deals are still being counted.

For investors in this venture, though, the critical question remains: Just how keen is consumer demand for more of Monica?

The new book, written by Andrew Morton, the biographer of Diana, Princess of Wales, with the cooperation of Ms. Lewinsky, portrays her as a troubled young woman and a pawn of Washington power struggles.

But with its coming publication, Ms. Lewinsky moves now to the center of competing financial interests — television networks anxious to promote exclusive interviews, book publishers intent on protecting the mystery of their information until pub-

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Newstand Prices	
Bahrain	1,000 BO
Cyprus	€ 1.00
Denmark	17 DKr
Finland	12.00 FM
Gibraltar	€ 0.85
Great Britain	£1.00
Egypt	£5.50
Jordan	1,250 JD
Kuwait	700 Pbs
Malta	55 c
Nigeria	1,250 Naira
Oman	1,250 OR
Qatar	10.00 QR
Repub. Ireland	IR £1.10
Saudi Arabia	10 SR
Switzerland	1.50 Sfr
U.A.E.	10.00 Dh
U.S. & Canada	\$5.00
Zimbabwe	2m \$40.00

Drug Tourism / In Laos, English Menus and New Opium Dens

Westerners Flock East for an 'Asian Trip'

By Thomas Crampton
International Herald Tribune

VANG VIENG, Laos — With a ring of opium grease starting to bubble around the pinhole on the end of his pipe, the emaciated old man reclining on a pile of dirty white pillows nods slightly to signal the liquid will soon vaporize.

His twig-thin arm slowly rotating the hollow metal pipe over an oil lamp flame will produce the steady flow of smoke that has sustained his half-century of opium addiction.

This time, however, he will not inhale. Instead, the last in line of six young Western travelers lying on the wooden floor of his house, a 22-year-old blonde from California, reaches out to smoke her first pipe of opium for the evening.

"Oh, you're right, he really knows how to prepare a pipe," she leans over to tell her friends after slowly exhaling toward the ceiling. "This guy is so laid back it makes all the other places seem so commercial."

The boy preparing opium at Sisombat's Guest House the previous evening was too inexperienced and, on the night before that, the Vietnamese in the unmarked house opposite the temple had hurried her out too quickly after smoking, she said, speaking on condition of anonymity.

She had not yet taken the tour pushed on patrons at Mr. Keo's Restaurant — swimming and opium smoking on an underground beach in a nearby cave — but she planned to head north with her boyfriend before the end of their two-week visit to smoke in the famed opium towns along the Laotian-Chinese border.

Fueled by a recent flood of young Western travelers eager to test this country's most famous local crop and export, opium dens are opening rapidly and with apparent government impunity to serve tourists in northern Laos.

Laos is the world's third largest producer of opium, a narcotic whose cultivation was encouraged by former French colonial administrators and the medicinal use of which remains common for pain relief.

Medical experts warn that while opium is not as readily addictive as its derivative, heroin, withdrawal symptoms are painfully similar.

Long criticized by the United States and other

nations for weak anti-narcotics laws, Laos outlawed opium smoking less than a decade ago.

Cheap visas on arrival and a national tourism promotion that began two months ago have this year filled Laos with a record number of tourists and created flourishing businesses to serve the new arrivals.

Many of Vang Vieng's 15 guest houses, almost all of which were built in the last year, are being expanded and several new ones are under construction. All of the newly opened restaurants offer menus in English.

Several opium dens, either rooms set aside in guest houses or unfurnished wooden shacks along the dusty main road, send out young boys to solicit Western customers on the street each evening.

Each pipe — first-time smokers usually start with five — cost 2,000 kip (33 cents). Combined with the \$2 per night for a guest house and a few dollars each day for food and beer, many travelers find it affordable to extend their stay in Laos.

The exact number of foreign opium smokers in Laos is impossible to determine, but conversations with young Western travelers suggest that many have tried or intend to try opium at least once during their visit here.

In the last year, two young Westerners were flown out of the country on medical emergency flights suffering from what diplomats said was drug-induced comas.

Diplomats said the proliferation of opium smoking highlights the pitfalls facing by a Communist government slowly easing restrictions on visitors to one of Southeast Asia's most remote countries. It also demonstrates, they said, the difficulty of controlling a drug that can be produced from plants that thrive in mountains here.

The increasing consumption alarmed international drug control officials enough to raise the issue with the Lao government late last year and just a few weeks ago provoked tour operators in the historic city of Luang Prabang to request a government crackdown on opium towns.

The venues catering to foreigners are concentrated in a handful of towns and the amount of opium smoked by foreigners is still very small compared with total national production and export, but international drug control officials say they fear a serious drug-tourism problem has taken root.

"It is still too early to have any scientific study, but rapidly mounting anecdotal evidence indicates that we have a trend of increasing consumption of opium by visiting foreigners," said Halvor Kolshus, the United Nations Drug Control Program representative in Laos. "I am worried that because of this 'Visit Laos Year' promotion the government is not going to enforce the laws and Laos will become known as the place for drugs among a certain kind of tourist."

Apart from an Italian in the northern town of Muang Sing who was locked up overnight several months ago for disturbing the peace, there have been no foreigners publicly charged under recently tightened anti-opium legislation.

Two years ago, legislation was passed that made opium production illegal and raised the penalties for consumption, trafficking and operation of commercial opium dens to include stiff prison sentences.

"Of course we are against opium smoking, and we do not want anybody to come our country to smoke it," said an aide to the Lao National Commission for Drug Control and Supervision. "We try our best."

In Luang Prabang, a city of temples that is the leading tourist attraction in the country, opium is not pushed on tourists quite so openly as in Vang Vieng. But some guest houses in the city have set up opium smoking for guests and foreigners walking down dark streets at night are, on occasion, discreetly asked whether they want to smoke a pipe.

"I can assure you this situation will not last," said a tour operator who spoke on condition of anonymity. "National policies may not be so strictly enforced in other parts of Laos, but here we will preserve the atmosphere for the right kind of tourist."



Reclining in a smokers' den in a northern Laotian village, an aging addict prepares an opium pipe for a young Western traveler.

The local Luang Prabang government, which recently stamped out the open soliciting of black market exchange on city streets, will soon crack down, he said, but no foreigners will be jailed. "We will take very strong action against those Lao people who put foreigners in contact with opium," he said. "This is the Lao way of dealing with the situation."

Diplomats and drug control officials said the current efforts are simply not enough.

"Up in Muang Sing and Luang Nam Tha along the Chinese border, the amount of opium tourism has got to the point where something really must be done," Mr. Kolshus, the UN official, said. "The saving grace is that only opium is for sale now, but I am not sure how long that will last."

War on Crack Changed U.S., But Did It Help Cut Drug Use?

By Timothy Egan
New York Times Service

VICTORVILLE, California — Every 20 seconds, someone in the United States is arrested for a drug violation. Every week, on average, a new jail or prison is built to lock up more people in the world's largest penal system.

It was not always so. Ten years ago, half as many people were arrested for drug crimes, and the nation's incarceration rate was closer to those of other democracies. But in the 1980s, crack cocaine scared the country, and the criminal justice system has never been the same. For all the havoc wreaked by crack, however, authorities' worst fears were not realized.

Now the violence of the crack trade has burned out, and murder rates have plunged. Yet crack left its mark, in ways that few people anticipated. Crack prompted the nation to rewrite its drug laws, lock up a record number of people and shift money from schools to prisons. It transformed police work, hospitals, parental rights, courts.

Crack also changed the makeup of U.S. prisons. More whites than blacks are crack, surveys say, but as the war on drug focused on poor city neighborhoods, blacks went to prison at a far higher rate. In California, five times as many blacks as whites are behind bars as are attending state university. But the harsh laws responding to crack have not reduced overall drug use. And the ceaseless march of new drug offenders and the mounting costs of prisons are moving some of the people charged with enforcing the punitive laws to question the assumptions behind them.

Since 1985 the nation's jail and prison population has grown 130 percent, and it will soon pass 2 million, even as crime rates continue a six-year decline. No country has more people behind bars, and only one, Russia, has a higher incarceration rate, according to the Sentencing Project, which tracks prison rates.

Behind the increase is a national get-tough mood that has produced longer sentences for all criminals and the end of parole in many states. Polls show that most Americans favor lengthy terms for violent criminals.

Crack's legacy can be seen in nearly every corner of the land, even in the Mojave Desert, where the newest federal prison is rising at the dusty edge of Victorville. In an age of government downsizing, the federal corrections budget has grown more than tenfold in a decade, to nearly \$4 billion, yet prisons are so stuffed with drug offenders that this one will be at capacity almost from the day it opens.

In New York, the police and prosecutors say locking up thousands of drug offenders was a major factor in the city's turning the corner on crime. "What plays havoc with a neighborhood are the low-level dealers," said Bridget Brennan, the special narcotics prosecutor for New York. "When they take over a street or a stoop, everyone else is terrified. When you put those people in jail it gives the community a sense that order has been restored."

What the prison boom has not done, however, is reduce illicit drug use, national surveys show. Far fewer Americans use illegal drugs now than in the peak years of the 1970s. But almost all of the drop occurred before crack cocaine or the laws passed in response to it.

"Crack probably had more impact on the entire criminal-justice system than it had on the communities and the drug users," said Franklin Zimring, director of the Earl Warren Legal Institute at the University of California School of Law in Berkeley. "This secondary impact, on police and prisons, may end up being more negative than anything associated with the drug."

Throughout America, there is vigorous debate over how the drug laws enacted during the crack panic have transformed the nation — except in Congress, which enacted the laws without a single hearing. For crack has left one other major legacy: The policy discussion in Washington on prisons and drugs has been frozen for more than a decade.

Glenn Seaborg, 86, U.S. Physicist Who Created Plutonium, Dies

By Malcolm W. Browne
New York Times Service

NEW YORK — Glenn Seaborg, 86, leader of the scientific team that created plutonium — the fuel used in the atomic bomb that destroyed Nagasaki in 1945 — died Thursday at his home in Lafayette, California, following complications of a stroke he suffered in August while exercising on a flight of stairs.

Although he was a chemist by training and occupation, Mr. Seaborg became one of the best known nuclear physicists in history. He led the research that created nine artificial elements, all heavier than uranium. They were plutonium, americium (used today in smoke detectors), curium (used in medicine), berkelium, californium, einsteinium, fermium, mendelevium and nobelium.

Besides these new elements, he and his team, which included his longtime collaborator and friend at the Lawrence Berkeley Laboratory in California, Albert Ghiorso, as chief builder of the required apparatus, created many new isotopes, or forms of elements, with differing numbers of neutrons in their nuclei. Two years ago, Element 106, which Mr. Seaborg did not create or discover, was formally named seaborgium in his honor. Until then, no element had been named after a living person.

For his achievements in making ar-

tificial elements by bombarding natural elements with projectiles that included deuterons, the nuclei of a heavy isotope of hydrogen, Mr. Seaborg shared the 1951 Nobel Prize in chemistry with Edwin McMillan.

In 1958 he was appointed chancellor of the University of California, and at President John F. Kennedy's request in 1961, he became chairman of the Atomic Energy Commission.

Although he devoted much of his career to advising presidents and senior officials on science policy, Mr. Seaborg's first love remained "nuclear alchemy," the transmutation of chemical elements into other elements. His laboratory even achieved the dream of medieval alchemists, the transmutation of lead into gold, although such a tiny amount of gold was created that the method could never be used to create riches.

Mr. Seaborg was one of a handful of nuclear physicists who said it would be possible to create "superheavy" elements, from about element 114 up to 125 or higher, that would be fairly stable, unlike most man-made elements that decay radioactively in fractions of a second. A team of physicists at the Joint Institute for Nuclear Research at Dubna, Russia, and the Lawrence Livermore Laboratory, California, succeeded in October in creating an atom of element 114, and it survived for about 30 seconds.

Mr. Seaborg often was questioned about the atomic bombs dropped on Japan at the end of World War II. He usually replied that although the huge loss of life at Hiroshima and Nagasaki saddened him, the bombing hastened the end of the war and was necessary. (Hiroshima was destroyed by a bomb containing uranium-235.)

General Andre Devigny, 82, Hero in French Resistance
New York Times Service

General Andre Devigny, 82, a legendary figure in the French Resistance for his escape from the Gestapo chief Klaus Barbie's prison in German-occupied Lyon during World War II, has died at his home in Hauteville-sur-Mer, France.

General Devigny's dash to freedom inspired the French film "A Man Escaped," for which Robert Bresson won the best director award at the 1957 Cannes Film Festival. His family announced his death Feb. 18.

On Aug. 20, 1943, General Devigny, then a French Army lieutenant, was taken before Barbie, who had been holding him prisoner for four months. Barbie told the prisoner he would be shot within days as a Resistance assassin. Instead, Lieutenant Devigny escaped in what apparently was the only breakout from the Gestapo's notorious Fort Montluc prison, which held 10,000 Jews and Resistance fighters during the war years.

Lieutenant Devigny eluded German search parties and dogs by hiding in mud flats along the Rhone River and fled to Switzerland with the help of the Resistance. He eventually joined a French commando unit in North Africa and took part in the Allied invasion of southern France in August 1944.

Stanley Dance, 88, Jazz Critic And Duke Ellington Specialist
New York Times Service

NEW YORK (NYT) — Stanley Dance, 88, a jazz critic, Ellington specialist and record producer, died Tuesday at the Remington Club in Rancho Bernardo, California.

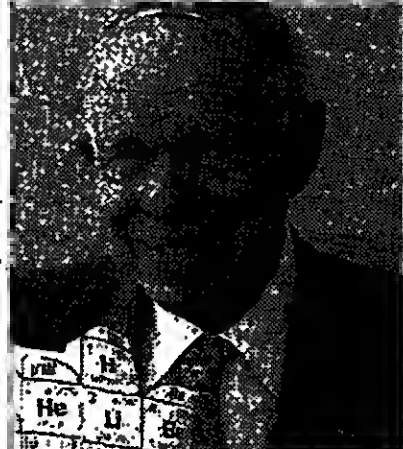
Mr. Dance is perhaps best known as a member of Duke Ellington's close-knit group of friends, and for nearly 70 years was one of his main interpreters.

After serving in the British Army during World War II, Mr. Dance began producing records. After moving to the United States, he began writing concise, well-argued essays and reviews for The New York Herald Tribune, Saturday Review, Jazz Review, Downbeat and other publications. He also began writing a series of books for Scribners that included "The World of Swing," "The World of Duke Ellington," "The World of Count Basie" and "The World of Earl Hines," along with biographies of Charlie Barnet and Duke Ellington. He won a Grammy for his 1963 liner notes for the recording "The Ellington Era."

Charles Blitzer, 71, a Founder Of Wilson Center for Scholars
New York Times Service

NEW YORK (NYT) — Charles Blitzer, 71, a founder and director emeritus of the Woodrow Wilson International Center for Scholars in Washington and a past president of Phi Kappa, died Feb. 19 at his home in Washington. The cause was pulmonary disease, his family said.

Mr. Blitzer founded the Woodrow



Glenn Seaborg displaying in 1971 an elements table made by a fan.

Wilson center in 1971 with Senator Daniel Patrick Moynihan, Democrat of New York, as an affiliate of the Smithsonian Institution dedicated to advanced academic research in international relations and political and social studies.

Andre Dubus, 62, U.S. Author
New York Times Service

NEW YORK (NYT) — Andre Dubus, 62, an author celebrated for his short stories in "Dancing After Hours" and other collections, died Wednesday of a heart attack in Haverhill, Massachusetts.

In 1988, his book of "Selected Stories" won a MacArthur award. In 1996, Dubus won the \$30,000 Rea Award for short fiction, and the following year "Dancing After Hours" was a finalist for a National Book Critics Circle award.

Shirley Stoler, 69, an American actress best known for her role as the Nazi commandant in Lina Wertmuller's 1976 film "Seven Beauties," died from heart failure Feb. 17. Her film credits also include "The Deer Hunter" and "Kluge." (NYT)

WEATHER

Europe				Forecast for Tuesday through Thursday, as provided by AccuWeather.				Asia			
City	High	Low	Wind	City	High	Low	Wind	City	High	Low	Wind
Algeria	10/11	5/6	SE 10	Amman	10/15	5/6	SE 10	Almaty	10/15	5/6	SE 10
Amsterdam	10/11	5/6	SE 10	Beijing	10/15	5/6	SE 10	Bangkok	10/15	5/6	SE 10
Athens	10/11	5/6	SE 10	Bombay	10/15	5/6	SE 10	Buenos Aires	10/15	5/6	SE 10
Bahia	10/11	5/6	SE 10	Bombay	10/15	5/6	SE 10	Calcutta	10/15	5/6	SE 10
Bahia	10/11	5/6	SE 10	Bombay	10/15	5/6	SE 10	Chengdu	10/15	5/6	SE 10
Bahia	10/11	5/6	SE 10	Bombay	10/15	5/6	SE 10	Chongqing	10/15	5/6	SE 10
Bahia	10/11	5/6	SE 10	Bombay	10/15	5/6	SE 10	Dhaka	10/15	5/6	SE 10
Bahia	10/11	5/6	SE 10	Bombay	10/15	5/6	SE 10	Hanoi	10/15	5/6	SE 10
Bahia	10/11	5/6	SE 10	Bombay	10/15	5/6	SE 10	Harbin	10/15	5/6	SE 10
Bahia	10/11	5/6	SE 10	Bombay	10/15	5/6	SE 10	Heilongjiang	10/15	5/6	SE 10
Bahia	10/11	5/6	SE 10	Bombay	10/15	5/6	SE 10	Hong Kong	10/15	5/6	SE 10
Bahia	10/11	5/6	SE 10	Bombay	10/15	5/6	SE 10	Kobe	10/15	5/6	SE 10
Bahia	10/11	5/6	SE 10	Bombay	10/15	5/6	SE 10	London	10/15	5/6	SE 10
Bahia	10/11	5/6	SE 10	Bombay	10/15	5/6	SE 10	Los Angeles	10/15	5/6	SE 10
Bahia	10/11	5/6	SE 10	Bombay	10/15	5/6	SE 10	Manila	10/15	5/6	SE 10
Bahia	10/11	5/6	SE 10	Bombay	10/15	5/6	SE 10	Medan	10/15	5/6	SE 10
Bahia	10/11	5/6	SE 10	Bombay	10/15	5/6	SE 10	Osaka	10/15	5/6	SE 10
Bahia	10/11	5/6	SE 10	Bombay	10/15	5/6	SE 10	Seoul	10/15	5/6	SE 10
Bahia	10/11	5/6	SE 10	Bombay	10/15	5/6	SE 10	Singapore	10/15	5/6	SE 10
Bahia	10/11	5/6	SE 10	Bombay	10/15	5/6	SE 10	Taipei	10/15	5/6	SE 10
Bahia	10/11	5/6	SE 10	Bombay	10/15	5/6	SE 10	Tokyo	10/15	5/6	SE 10
Bahia	10/11	5/6	SE 10	Bombay	10/15	5/6	SE 10	Yokohama	10/15	5/6	SE 10

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TRAVEL UPDATE

Baltics Join the Schengen Countries
RIGA (AFP) — The European countries that have signed the Schengen accord on visa-free border crossings began to drop the visa requirements with Estonia, Latvia and Lithuania on Monday, and within a couple of months all 10 of the countries in the Schengen zone should allow visa-free entry.

For the citizens of the Baltic countries, severed from Western Europe by the Soviet Union's Iron Curtain for nearly half a century and then by visa barriers since regaining independence seven years ago, it is a sort of homecoming.

"It will create a feeling of belonging to family," said Valdis Birkavs, the Latvian foreign minister. "The Schengen countries, including France, are in effect giving us the keys to their home, and we the keys to our home."

And Now, a Real Hanoi Hilton
HANOI (AFP) — Hilton International has opened a new luxury hotel in the Vietnamese capital not far from the site of the notorious prison dubbed the "Hanoi Hilton."

The new 269-room Hilton Hanoi Opera, built at a cost of \$62 million at a time when many hotels in Hanoi are struggling, is near the site of the old Hoa Lo Prison.

The squalid compound earned its ironic nickname from U.S. servicemen imprisoned there during the Vietnam War, and the name was later used for a Hollywood film.

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This Week's Holidays
Banking and government offices may be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Paraguay, South Korea, Sri Lanka, Thailand.
TUESDAY: Burma, Ethiopia, India, Israel.
WEDNESDAY: Bulgaria, Israel, Malawi, Morocco.
THURSDAY: Ghana.
SATURDAY: China.
Source: Bloomberg, Reuters.

دکتر امت الاصل

THE AMERICAS

A Race to Fill Campaign Coffers

Presidential Candidates Scale New Heights in Fund-Raising

By Ceci Connolly
Washington Post Service

WASHINGTON — The 2000 presidential race is developing into a mammoth spending spree, with Vice President Al Gore aiming to raise a record \$55 million and two other candidates considering giving up federal money so they can spend unlimited sums.

Mr. Gore, who has been holding a series of private dinners with top fund-raisers, plans to exploit every available legal loophole to collect far more money than the basic spending limits allow. An intimidating war chest, his strategists assert, will scare off other Democrats and give him an early start on attacking the ultimate Republican nominee.

At the same time, Governor George Bush of Texas is weighing whether to opt out of the system that gives primary candidates partial federal funding — in order to compete more effectively against the deep pockets of Malcolm (Steve) Forbes. That would let both men spend as much as they want in pursuit of the Republican nomination.

"It's totally out of control," said Sen. Huckabee, a Republican acolyte who has advised numerous presidential campaigns.

The money chase is so overwhelming that former Governor Pete Wilson of California, a Republican, and Senator John Kerry, Democrat of Massachusetts, announced last month that they would not run.

On Thursday, the quest for cash will quicken with three candidates — Mr. Gore, former Vice President Dan Quayle and Bill Bradley, a Democrat — holding major fund-raising dinners.

"Everybody is pressing the envelope, spending a lot of time worrying about money," said Kyle McSarrow, Mr. Quayle's campaign chairman.

Twenty-five years after Congress passed a law to restrain the flow of money into presidential campaigns — and two years after a campaign widely condemned for its financial abuses — the candidates are preparing to open the floodgates to an unprecedented amount of unregulated spending.

After investigations by Congress, the Justice Department and the Federal Election Commission into 1996 fund-raising practices fizzled — and campaign reform legislation failed last year — the strategists for 2000 have concluded that there is little

risk in pushing the fund-raising boundaries to new extremes.

When the 1974 act was written, lawmakers thought they had devised a foolproof way to shift the emphasis from dialing for dollars back to discussing the issues. They offered candidates a tantalizing deal: Live within strict overall and state-by-state spending rules in exchange for millions in taxpayer-provided "matching funds." Each party's nominee would also receive full public financing for the general election campaign.

But a combination of factors coalesced to frustrate those intentions. The cost of campaigning has skyrocketed while the maximum donation has remained at \$1,000 for individuals — meaning candidates have to spend more time than ever courting donors.

The entrance of wealthy, self-financed candidates such as Mr. Forbes has other potential candidates worrying about how to compete against someone not constrained by spending limits. And a compressed primary calendar that will likely produce nominees by early March

2000 further increases the pressure on candidates to build up their bank accounts now.

The competition for dollars has become so intense that most candidates will spend half of 1999 rolling for cash, their strategists said.

Senator John McCain, Republican of Arizona, plans to attend 25 fund-raisers by the end of March, while Gary Bauer, a former official in the administration of President Ronald Reagan, is busy mining a direct mail list of 90,000 supporters.

Representative John Kasich, Republican of Ohio and chairman of the House Budget Committee, made a pilgrimage to New York to woo the fund-raiser George M. Mosbacher.

Elizabeth Hanford Dole is courting many friends in her husband's ready-made donor network.

Even as Mr. Bush prepares to announce the formation of his exploratory committee, a debate rages inside his inner circle about whether he should give up federal funding to attempt to match the wealthy Mr. Forbes dollar-for-dollar.

In the 1996 primaries, Mr. Forbes

chose not to participate in the matching-funds system and spent \$32 million of his own money, dropping about \$4 million in the Iowa caucuses alone, more than double the legal spending limit.

His early advertising blitz set off a chain reaction that left the eventual Republican nominee, Bob Dole, with little money and plenty of scars.

"You need to be in a position to respond" to a Forbes attack, said a top adviser to Mr. Bush. Opting out of the federal system," he added,

"puts you on more even ground with Forbes and his wallet."

But the decision is not easy. By one Bush adviser's estimate, the governor would need to raise an additional \$17 million if he chose not to take matching funds. And he would still be limited to raising a maximum of \$1,000 from individuals.

"You begin to ask yourself how many people you can find to give you \$1,000 each," one Republican strategist said.



The presidential aspirant Steve Forbes addressing the spring convention of the California Republican Party in Sacramento.

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Both parties are already pushing for new spending. The Senate passed a bill last week, by a 91-8 vote, giving sweeping pay and pension increases to the military. The legislation would cost \$1.6 billion next year and \$55 billion over 10 years.

Both the House and the Senate plan to consider further increases in military spending, perhaps as much as \$20 billion a year. Some Republicans are calling for sweeping increases on education, a cause long favored by Democrats. And a whole host of other issues, from aid to farmers to improving security at embassies abroad, is likely to draw varying degrees of bipartisan support.

For all practical purposes, the caps were broken by Congress and President Bill Clinton's administration in the budget they agreed to last autumn for the current fiscal year.

But they managed to remain within the spending limits on a technical basis by resorting to a variety of gimmicks, including labeling nearly \$20 billion as emergency spending that is not subject to the caps.

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POLITICAL NOTES

California Republicans Regroup

SACRAMENTO, California — Last November, the California Republican Party suffered its worst defeat in 40 years, losing races for governor, U.S. senator and nearly every other statewide office and shrinking its minority by five seats in the State Assembly and two in the state Senate.

So as the party gathered for its winter convention here this weekend, still regrouping and arguing over abortion, gallows humor prevailed. "We've got this circular firing-squad thing just about perfected," said Dan Schnur, once an aide to former Governor Pete Wilson.

Because this is California, crucible of trends, with its newly moved-up presidential primary election on March 7, 2000, there were ample observers. Half a dozen presidential contenders arrived to network and test the waters.

"I hate to admit it, but what happens in California happens in the West; it's the 800-pound gorilla," said Senator John McCain of Arizona, who warned the delegates Friday night: "Scorched-earth Republican primaries will lead directly to an Al Gore presidency and to Democratic control of one or both houses of Congress. Don't let us go down the road of mindlessly destroying each other."

Mr. McCain's speech comes amid a rare contested election for party chairman and vice chairman, driven in large part by a difference in position over abortion rights. The latest battle flared last month when the current vice chairman, John McGraw, was quoted in a Roman Catholic publication describing "killing our babies" as "the issue of the century." He later said his views reflected his "personal moral priorities" and not those of his party. But the party's gubernatorial nominee, a staunch abortion opponent, lost by 20 percentage points in November, and party moderates have since decided to challenge the chairman's race. (NTT)

Congress Unlikely to Stick to Spending Limits

By Richard W. Stevenson
New York Times Service

WASHINGTON — Facing a painful budget squeeze, Congress seems all but certain to increase the spending limits that have been a crucial component of its fiscal discipline for the past decade, members of both parties say.

Despite the prospect of U.S. budget surpluses over the next decade, Congress still operates under caps that tightly limit how much money can be allocated to the military and most domestic programs.

Because the caps will be far tighter for the year starting Oct. 1 than they have ever been before — and because both parties support spending increases for the Pentagon and for education, among other things — Republicans and Democrats say there is no realistic way to avoid shattering the caps or resetting them at higher levels.

But both parties are reluctant to publicly admit that reality, fearing that they will be tagged as fiscally irresponsible just as the nation is shifting to an era of opportunities,

created by rapidly mounting federal surpluses, from one of crippling budget deficits.

"The caps have been a good thing because we haven't had to start each year debating how much to spend, only how to divide it up," said Martha Phillips, executive director of the Concord Coalition, a fiscal watchdog group. "If we go back to fighting over how much to spend, and people are saying that we have \$4.8 trillion in surpluses, this could really get out of hand. If you don't have the caps, it just makes it harder for politicians to do the right thing."

The maneuvering over the spending caps comes as Congress prepares to begin work in earnest on a budget for next year. The budget committees that draw up broad spending guidelines and the appropriations committees that set spending levels for specific programs are facing unyielding arithmetic that leaves them unable to keep current programs fully financed, much less add anything new, if the current limits are kept in place.

The caps for the coming budget year limit discretionary spending —

the one-third of the federal budget that includes all annually appropriated programs, from the Pentagon to Head Start — to \$536 billion. The rest of the budget is made up of mandatory spending on programs such as Social Security and Medicare that are nonnegotiable obligations, plus interest payments on the federal debt.

Just keeping programs running at their current levels, by increasing financing only to account for inflation, would put discretionary spending next year at \$581 billion, or \$45 billion over the limit, according to the Congressional Budget Office.

If financing were frozen at current dollar levels — a cut, once inflation is taken into account — spending would amount to \$562 billion, or \$26 billion over the limit, the budget office said.

Even under the most optimistic scenario, stripping out all programs financed last year by one-time emergency spending and freezing spending for all other discretionary programs at current dollar levels, spending would be \$546 billion, or

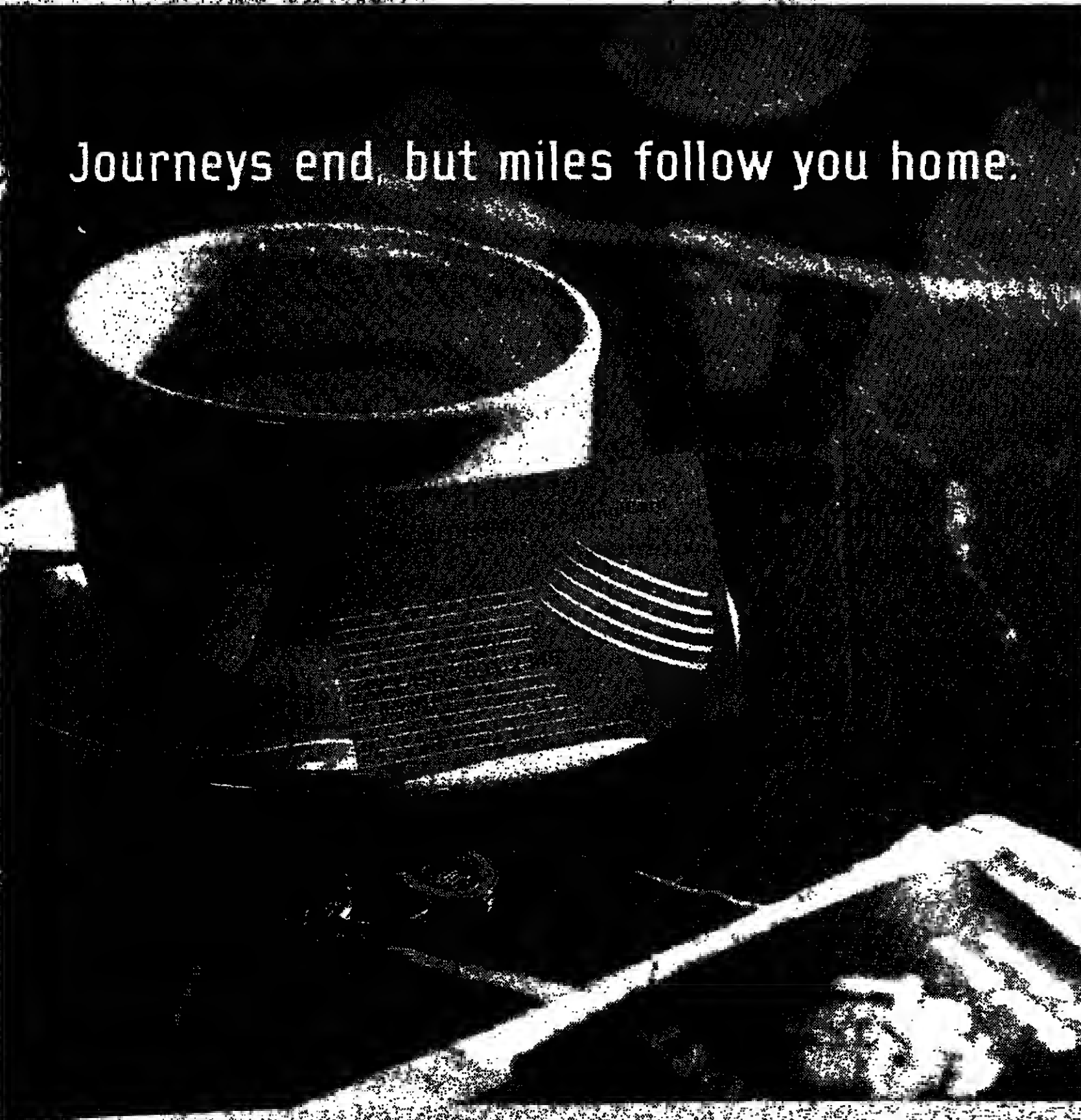
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ASIA/PACIFIC

China Jails Dissidents Before Albright Lands

Her Talks to Focus on Rights and Security

By Michael Laris
Washington Post Service

BEIJING — Secretary of State Madeleine Albright arrived in Beijing on Sunday for talks with senior Chinese leaders on China's human rights record and security concerns after a week in which 10 pro-democracy campaigners were detained in a crackdown on a fledgling opposition party.

The State Department spokesman, James Rubin, said that the United States deplored the arrests, and cited the cases of Wu Yilong, a literature graduate student and founder of the China Democratic Party who was kicked out of his university two days before receiving his diploma, then arrested Friday, and Peng Ming, a dissident academic who held high-profile reform salons in the capital. Mr. Peng was sentenced to one and a half years in a labor camp Friday.

In a show of defiance, 30 members of the China Democracy Party held a meeting Sunday in a teahouse in the eastern city of Hangzhou to discuss the arrests. Afterward, they issued an open letter to the National People's Congress demanding the release of dissidents and calling on the legislature to ratify the International Covenant on Civil and Political Rights and another treaty on economic rights, both of which Beijing signed with much fanfare last year.

Mrs. Albright's trip follows a flurry of developments that have put the problems troubling the Chinese-U.S. relationship into stark relief following a warning of ties after President Bill Clinton came to Beijing last June. Both sides hope to set the relationship back on course before a trip by the Chinese prime minister, Zhu Rongji, in Washington in April, but analysts say it will be rocky.

"The general mood here is quite pessimistic," said a Chinese foreign-policy adviser.

Last week, the Clinton administration rejected the sale of telecommunications equipment to a Chinese-led consortium because of concerns that China's military might benefit. Beijing said the de-

cision would have a "negative effect" on the two countries' trade relations.

The issue of high-technology transfers to China has become one of the most sensitive in the relationship after a congressional committee, led by Representative Christopher Cox, Republican of California, found improper and illegal transfers in China and espionage by Chinese agents. An unclassified version of the 700-page report is expected to be released in several weeks.

"People feel afraid that the Cox committee will issue the full pages of the report just before Zhu's visit," said the Chinese adviser. "The group that opposes Clinton's engagement with China is still very strong."

Mr. Rubin said foreign policy issues vital to U.S. interests — especially deterring North Korea from launching out at its neighbors or spreading missile technology — demand that the United States engage China in regular high-level talks, even during times of political repression and disputes over security issues.

"Engagement is not the same as all as happy," he said.

In meetings with senior officials, including President Jiang Zemin and Mr. Zhu, Mrs. Albright will present concerns outlined Friday in the State Department's annual human rights report that conditions in China have "deteriorated sharply" since the second half of 1998.

Four leading dissidents have been sentenced to jail, and dozens have been arrested last week have since been released, according to Frank Lu, spokesman for the Hong Kong-based Information Center of Human Rights and Democratic Movement.

Beijing will focus in the talks on the issue of Taiwan, which is perennially at the top of China's list of problems with the United States, according to Chinese officials. Beijing will restate its fervent opposition to talk in Washington of including Taiwan in a proposed new Theater Missile Defense system being studied by the Pentagon, according to a Foreign Ministry spokeswoman. Beijing considers the island-democracy of Taiwan to be a reoccurring province.

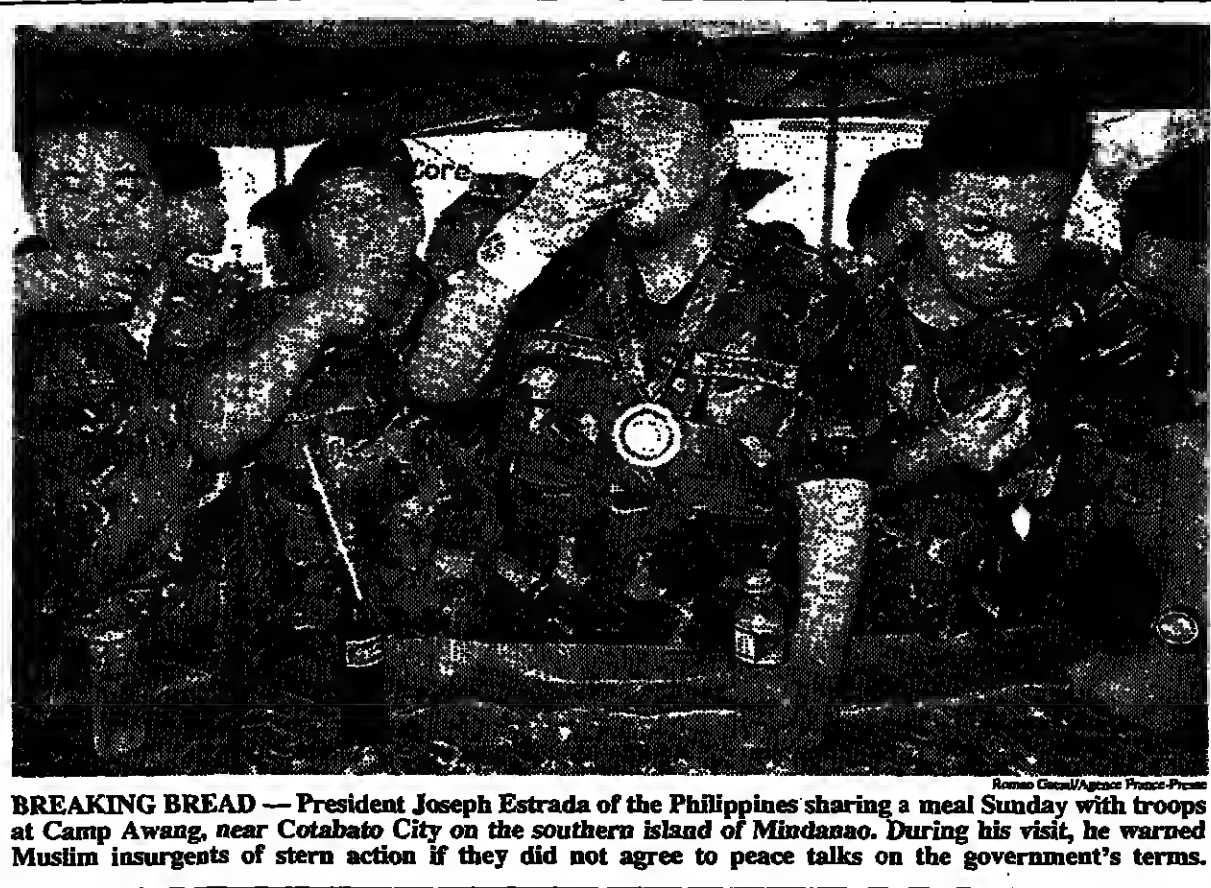
Chinese officials reject the argument that the main target of this potential defensive shield in Asia would be North Korea, which on Aug. 31 fired a rocket over Japanese territory. Liu Jiaqiang, director of the northeast Asia division of the China Institute of Contemporary International Relations, criticized the Theater Missile Defense proposal as "land mines in space" and said the effort was aimed at China.

The Pentagon issued a report Thursday concluding that China was engaged in an intensive buildup of cruise and ballistic missiles along its southeastern coast across from Taiwan, although it said there was no indication that either China or Taiwan intended to provoke a confrontation.

U.S. officials said last week that they hoped a deal on China's entry into the World Trade Organization would be the centerpiece of Mr. Zhu's trip to the United States, but Chinese and Western analysts said that the recent downturn in China's economy and the growing trade surplus with the United States have left the two sides far apart. Senior U.S. trade negotiators will arrive to take up the detailed negotiations when Mrs. Albright leaves Tuesday.

China Rejects U.S. Report

"The Chinese government expressed 'strong resentment' Saturday in a predictable response to the lambasting of its human rights record in the State Department report, The New York Times reported from Beijing. The official Chinese statement, read on the state-run television, accused Washington of meddling in China's internal affairs by "fabricating unwarranted charges" while ignoring serious rights violations in its own country.



BREAKING BREAD — President Joseph Estrada of the Philippines sharing a meal Sunday with troops at Camp Awang, near Cotabato City on the southern island of Mindanao. During his visit, he warned Muslim insurgents of stern action if they did not agree to peace talks on the government's terms.

Indonesians Flee a Riot-Torn Island

Tensions Rise in Ambon After Bombing and Arson in Sectarian Clashes

Compiled by Our Staff From Dispatches

AMBON, Indonesia — About 1,300 people rushed in flee the city of Ambon on Sunday amid mounting tensions following the explosion of a homemade bomb late Saturday.

A local journalist said there were no immediate reports of casualties from the explosion that was set off in the town of Aluru during arson attacks by Muslims and Christians.

"Many houses, churches and mosques were burned but we cannot confirm the numbers yet," the journalist told Reuters. "The bomb went off during the burning orgy."

Homemade explosives and firebombs have been used frequently in Muslim-Christian clashes in Indonesia's eastern islands.

More than 160 people were killed in savage rioting in January and at least 24 died in another flare-up last week. Some estimates put the death toll from last week at twice that number.

About 1,300 people jammed Ambon's port Sunday in an attempt to flee the city, which is about 2,300 kilometers (1,440 miles) east of Jakarta.

A witness said people were rushing to board a ship heading for Ujungpandang, Surabaya and Jakarta.

The fleeing residents were seen carrying suitcases, furniture and kitchen utensils.

"I am leaving because I am scared of being killed," one man said. "I am also worried for my family's safety."

The city of Ambon was turned into a battle zone Wednesday as troops fired at Christians and Muslims who were fighting each other with firebombs, machetes and arrows.

Much of Ambon was already ruined after the violence in January.

Ambon is the capital of Maluku Province, which was known as the Spice Islands in Dutch colonial times.

This year, more than 150 people have died in the region. Two dozen churches

and mosques have been burned.

Indonesia has been racked by waves of unrest over the past year as ethnic, religious and social tensions flared, fueled by the country's worst economic crisis in 30 years, which has sent millions into poverty.

Separately, up to 95 settlers from the Indonesian resort island of Bali have left the troubled territory of East Timor for home, and others are moving their goods out in case the region becomes independent, the official Antara news agency said Sunday.

The agency quoted a local Hindu community official as saying that the settlers were only going to Bali for a Hindu ceremony, and that they would return.

Under a government "transmigration" program, Jakarta has moved thousands of families from overcrowded areas on the islands of Java and Bali to less densely populated islands.

(Reuters, AFP)

BRIEFLY

Taliban Chides U.S. For Rights Criticism

KABUL — A senior Taliban official said Sunday that U.S. criticism of the militia's human-rights record was unjustifiable and an Islam and defended the use of public executions and amputations to enforce law and order.

"The report by the U.S. is a big mistake," said the deputy foreign minister, Abdur Rahman Zahid. The U.S. State Department report asserted that Taliban's policies toward women "represented perhaps the most severe abuse of women's human rights in the world." It also said that under Taliban there was "no constitution, rule of law or independent judiciary."

"One should not object to our principles, as we are not objecting to others," Mr. Zahid said. (Reuters)

Taipei Aims to Buy 4 Aegis Destroyers

TAIPEI — Taiwan plans to buy four advanced destroyers from the United States to counter a military buildup by China, Taiwan newspapers reported Sunday.

The Taiwan Navy "has given top priority to the purchase of four Aegis-class destroyers," the Liberty Times said. The China Times said Taipei would propose the destroyer deal in its annual military meeting with the United States and that the first destroyer could go into service in 2008.

The 8,000-ton Aegis destroyer is armed with 90 Standard II surface-to-air missiles, eight Harpoon ship-to-ship missiles, MK32 torpedoes and Tomahawk cruise missiles. (AFP)

Senior Taiwan Aide To Visit Macedonia

TAIPEI — Foreign Minister Jason Ha will leave Monday for Skopje, Macedonia, to foster newly established relations. A Foreign Ministry official said Sunday.

"Discussions with the Macedonian government are expected to center on possible investment opportunities and cooperation in agriculture and fisheries," the official said. (AFP)

ANWAR: Beating Is Admitted

Continued from Page 1

of the beating and from Mr. Anwar himself.

Mr. Anwar was arrested Sept. 20 after leading the largest anti-government demonstration in the history of this capital, openly challenging the 18-year rule of Prime Minister Mahathir bin Mohamad. Until he was fired, Mr. Anwar had been the prime minister's chosen successor.

A police commando unit wearing black ski masks and carrying assault rifles raided Mr. Anwar's house that night, breaking down the door and breaking up an informal press conference.

Mr. Anwar was given an hour to prepare his belongings before being escorted past hundreds of angry supporters to a police van outside his house.

He was blindfolded and handcuffed on the way to police headquarters, where he was placed in a cell. Mr. Anwar testified last week.

Moments before his beating, he said, he heard people approaching the cell and guessed that they were senior officers because the heels of their officers clicked to attention as they walked past.

"From the footsteps, I was quite certain there was at least two people inside the cell," Mr. Anwar said the three-man inquiry last week.

"I heard one clearing his throat. It sounded familiar," he said, adding that he thought it was Mr. Rahim, whom he had worked with closely during his time in government.

The beating left Mr. Anwar barely conscious.

"It is fortunate that this man did not succumb to death," Halim Mansar, a forensic expert, told the panel last week.

"He's just lucky," he said.

Mr. Anwar said he was struck hard in the eye. "I fell backwards on the cement slab," he said. "Someone grabbed my hand, my right upper arm, then I was hit again — a heavy blow on the top right of my head. Then left, a lot of blows and a karate chop of the left side of my neck."

"Then left, right and hard strong slaps. The left slaps more toward the ear, right toward the front side of the face and close to the mouth," he said.

Mr. Anwar was not given medical treatment until four days after the beating. On the same day, Mr. Rahim told reporters at a news conference that Mr. Anwar was "safe and sound." The incident was made public nine days after the beating, when Mr. Anwar appeared in court badly bruised.

"If I'm given this kind of treatment, what about the other people in this country?" an emotional Mr. Anwar asked last week, raising his voice. "I do not want this to recur! This is our country! Get the facts! Never mind the political implications!"

A government prosecutor, Mohamed Yusof Zainal Abidin, then interrupted the proceedings: "I think he has gone beyond the terms of reference." But Mahadev Shankar, a former appeals court judge who is one of the members of the panel investigating the beating, disagreed.

"This man was in pain," he said. "He was asking for medical treatment and we should not hear about that?" Mr. Anwar was allowed to continue.

The three men presiding over the inquiry — two former judges and a surgeon — do not have power to prosecute but will make recommendations to the king of Malaysia.

Clinton Lists Foreign Policy 'Challenges' for U.S.

By James Bennet
New York Times Service

SAN FRANCISCO — With surprises abroad and critics at home belying his foreign policy, President Bill Clinton defended his efforts to cooperate with Mexico in fighting drugs, to engage with China to promote political freedom and to threaten force to bring peace to Kosovo.

Twice in his broad-gauged, 50-minute speech here Friday, the president spoke of the "inexorable logic of globalization." He warned that while increased trade and economic growth might knit nations closer together, without active American leadership they would not guarantee peace, wealth or environmental protection.

"The promise of our future lies in the world," he said. "Therefore, we must work hard with the world — to defeat the dangers we face together and to build this hopeful moment together, in a generation of peace, prosperity and freedom."

Mr. Clinton attempted to step back and locate coherent themes in a foreign policy that his critics have long complained reacts to world events more than it anticipates them and abides the abuses

of nations more than it prevents or punishes them.

Mr. Clinton began his survey of the world — which his national security adviser, Samuel (Sandy) Berger, called a "State of the Union for foreign policy" — with an upbeat appraisal of the times.

"For the first time since before the rise of fascism early in this century," he said, "there is no overriding threat to our survival or our freedom."

NEWS ANALYSIS
War II, which has raised "living standards on every continent."

But calling for "a little humility," Mr. Clinton read a lengthy quotation declaring that an extraordinary increase in trade, travel and information flow had ensured that "isolation is no longer possible." The words were spoken 100 years ago by President William McKinley, Mr. Clinton said, noting that President McKinley's optimism was followed by two world wars, the Holocaust, the Great Depression and communism.

"Had leading nations acted decisively then, perhaps these disasters might have been prevented," he said.

As a result of that experience, he warned, "we cannot assume today that globalization alone will wash away the forces of destruction at the dawn of the 21st century, any more than it did at the dawn of the 20th century."

"We cannot assume it will bring freedom and prosperity to ordinary citizens around the world who long for them," he said. "We cannot assume it will avoid environmental and public health disasters."

Cautioning against what he called a U.S. tendency to withdraw from the world during good times, the president went on to place his top foreign policy concerns into overlapping categories, listing five "challenges" to the United States in the coming century:

- Building a "more peaceful 21st century world."
- Bringing Russia and China "into the international system as open, prosperous, stable nations."
- Protecting against dangers of weapons proliferation, terrorism, drugs and climate change.
- Creating a world trading and financial system that benefits ordinary people.

- Maintaining freedom as "a top goal."

His aides say that after regarding foreign policy as a regrettable but necessary distraction at the beginning of his first term, Mr. Clinton came to relish the world stage, particularly after 1994, when a Republican-controlled Congress stymied much of his domestic agenda.

The president also became increasingly persuaded of the benefits of global trade to U.S. business and of the potential of commercial ties and international organizations to cushion potentially rugged nations and enforce peace, foster democracy and protect human rights.

But while he has been credited over his two terms with advances in the Middle East, Haiti and Northern Ireland, Mr. Clinton has been repeatedly criticized for ignoring festering problems, such as in Bosnia and Rwanda.

He has been unable to build enough support within his own party to win the special negotiating authority from Congress necessary to strike the free-trade deals that he regards as central to his economic and foreign policy. And critics have accused him of naive optimism for believing that the flow of products and information will ultimately force China and other repressive regimes to open their political systems.

Further, Mr. Clinton's go-go optimism for free markets, both of goods and of capital — encouraged by his Treasury secretary, Robert Rubin — may have blinded him, critics charge, to the risks posed by furious currency trading to fragile economies.

In his speech, Mr. Clinton appealed to his audience for help in figuring out what to do about such sloshing of capital in and out of developing countries.

"We have got to find a way to facilitate the movement of money — without which trade and investment cannot occur — in a way that avoids these dramatic cycles of boom and then bust, which have led to the collapse of economic activity in so many countries around the world," he said.

Mr. Clinton listed a series of regions and issues where he planned to use American troops, trade, aid and cooperation to advance his goals.

On Kosovo, the Clinton administration has faced criticism for setting a deadline for peace talks between Serbs and ethnic Albanian rebels and then letting it slip. In his speech, Mr. Clinton warned President Slobodan Milosevic of Yugoslavia, to exert "restraint, not repression," during the pause in the peace talks with the rebels in the once-autonomous region of Kosovo. "If he does not, NATO is prepared to act," Mr. Clinton said. But he did not specify what actions might prompt bombing raids.

Mr. Clinton also called for "principled and purposeful engagement with China, its government and its people."

With Israelis and Palestinians at an impasse over the president's latest intervention for peace, the Wye River peace accord, he declared, "I intend to use the time I have remaining in this office to push for a comprehensive peace in the Middle East."

SCANDAL: Marketing Lewinsky's Angst

Continued from Page 1

lication, and a retinue of banders concerned with financial security and shaping an image.

Thus far her expanding group of advisers have devised a double-barreled campaign to promote her interests in America and in foreign countries. On the home front, the visio is a stately "less is more" civilian version of a Rose Garden strategy that will present Ms. Lewinsky in potential readers through two interviews — with the ABC correspondent Barbara Walters on "20/20" on Wednesday, and with Time magazine.

Eschewing the traditional American book-tour circuit of autograph signings and chain-store appearances, Ms. Lewinsky will leave it to the author of the book, Mr. Morton, to stand in for her.

Once she shows her passport, however, Ms. Lewinsky will switch to the more grinding role of celebrity promoter. She is not expected to be as aloof in countries where many major publications have paid a price for rights to publish excerpts of her book and, by standard practice, are entitled to interviews with her.

The divergent strategies may present some delicate problems for the American publisher, St. Martin's Press. To attract a large core of readers, particularly women, it must shape a sympathetic image of Ms. Lewinsky, guarding against appearances that she is unduly profiting from the scandal.

At the same time, overseas is rich with opportunity. Foreign news publications generally pay higher prices for serial rights, but Ms. Lewinsky's handlers believe the book will require more promotional activity.

Interviews, for instance, are already planned with buyers like Paris Match, The Daily Mirror in London, New Age in Australia and Corriere della Sera in Italy. In Germany, the newspaper Bild has excerpted and interviewed rights.

In Britain, where Michael O'Mara Books is publishing "Monica's Story" on Friday, Ms. Lewinsky will make nearly a dozen appearances in large cities. She has already been photographed for the British edition of the fashion magazine Marie Claire, which is planning on using the material for a cover.

But in the United States, "our strategy is distance and dignity," said Lynn Goldberg, who is managing public relations for Ms. Lewinsky and Morton.

"Although she hasn't been able to speak for a year, the American perspective is that she's really been around and we really want to sell books," Ms. Goldberg said. "It's a common publicity question to deal with if somebody is so overexposed. If you really want to know how Monica feels, you need to read the book. It makes the book the essential document for closure."

Even so, some American publishers consider it a potential problem for the book that ABC decided to expand its program on Ms. Lewinsky; it may leave few surprises to prompt potential readers to pay up to \$24.95 for the book.

In London, Michael O'Mara, the publisher who helped assemble the project, is unworried that Ms. Lewinsky's status as "the other woman" will dampen book sales. At last count, he had sold the rights to publish the book in almost a dozen countries, and he was still selling rights to serialize it last week.

Mr. O'Mara declined to estimate how much Ms. Lewinsky could make



Monica Lewinsky's book, written by the British author Andrew Morton.

through foreign book sales. St. Martin's Press paid a \$600,000 advance for the rights to publish in North America, with bonuses tied to best-seller rankings. But that does not include Ms. Lewinsky's advance in Britain or royalties from other nations.

Most lucrative, perhaps, are the sales of her television interview through Channel Four International in Britain; according to several sources, it is giving more than 70 percent of the revenue from those sales to Ms. Lewinsky.

Bernard Macleod, the managing director of Channel Four, declined to say how much the interviews are being sold for, noting that the price varies by country. Estimates range from \$100,000 to

\$500,000, depending on the market; if so, Ms. Lewinsky could make several million dollars.

Princess Diana Parallel?

Ms. Lewinsky said she saw a parallel between her own difficulties and the problems of the late Diana, a British newspaper said Sunday, The Associated Press reported from London.

"I'm not a princess in a royal sense, but I was also wronged by a man who said he loved me," Ms. Lewinsky was quoted as saying by the Sunday Mirror. "And remember, I was in love with him. I was trapped too. I had a lot of pressure on me, and like Diana, I had nowhere to go, nowhere to hide."

مكتبة الأمل

EUROPE

Britain Keeps U.S. and European Options Open in Drive to Be Global Player

By Alan Cowell
New York Times Service

LONDON — Most dramas have their subplots, and the talks that stalled last week over Yugoslavia's torn province of Kosovo were no exception. While the big theme was war and peace in the Balkans, a lesser-noted coda was the complicated bond between Prime Minister Tony Blair's Britain and Continental Europe that, just weeks ago, seemed to offer new hope of containing conflagration on the Continent's doorstep.

Britain, of course, has always been an ambivalent European, seeking to mold the Continent's affairs — often from the sidelines — even as it holds onto a special relationship with Washington that long predates European integration.

At first glance, this dual vision seems seeded with conflict. But the course of the Kosovo talks may, in fact, have validated Mr. Blair's desire to keep his options open as he tries to make the case that Britain is a major player.

The suspension of the negotiations on

Kosovo until March 15 was first of all a severe blow to the prestige of the U.S. secretary of state, Madeleine Albright, who placed her influence on the line for three straight days in a vain attempt to emulate the U.S. diplomatic success at Dayton, Ohio, that ended the Bosnian war.

But her very presence at the negotiations — and the use of the threat of U.S.-led NATO bombing to get the talks started — illuminated another reality: Once again, the Americans had taken a leading role in the negotiations because Europeans acting by themselves could not manage them.

Perhaps nobody had really envisioned such talks without the Americans, but their dominant role at the end was not in the original script.

The negotiations began under the joint sponsorship of France and Britain — the two countries that would provide the bulk of a NATO-led ground force (along with U.S., Russian and other troops) to police a peace settlement. The French

and British readiness to commit those forces was seen in Europe as a token not just of frustration at past U.S. diplomatic high-handedness in the Balkans but also of a desire to make a new start after the tragic blunders of the recent past.

This time we are seeing a greater effort by the Europeans to see that they get it right and do not leave it all to the Americans," Charles Grant, director of the Center for European Reform, a research group regarded as close to Mr. Blair's government, said as the talks got under way.

That in itself was a departure from the earlier days of European embroilment in the breakup of Yugoslavia, when Germany was singled out for its diplomatic clumsiness and Dutch troops under the UN flag stood by at the massacre at Srebrenica.

More important, this new sense of joint European endeavor was being ignited just weeks after 11 European nations (including France but not Britain) started their single currency, the euro. This accomplishment had challenged

Britain to rethink its relationships to the Continent.

Only last week, Mr. Blair ousted his country closer to eventual adoption of the euro by setting out a tentative schedule for joining.

But he hedged his plan with so many economic and political caveats that, even if Britons do overcome their aversion to abandoning the pound, their country almost certainly would be the last of the four current European Union boldouts to enter the euro zone.

The broader implications of that hesitancy had long been apparent to Mr. Blair. As the advent of the new currency approached, he sensed that Britain might wind up on the sidelines. But he had another strategy: to emphasize Britain's military and diplomatic leadership, building on what Britain sees as a privileged position in Washington that enhances its ability to mold Europe's destiny.

That was one element in the decision to offer a new European initiative in the Balkans. When Mr. Blair traveled to St.

Malo, France, late last year to meet Lionel Jospin, his French counterpart, he was "frustrated that the Americans were running the show on Kosovo and the Europeans were not," Mr. Grant said.

The result was the so-called St. Malo initiative, an effort to forge a common European defense policy.

But now, a French diplomat remarked the other day, it seems that the initiative's first tests came a little too soon. Not only did the Americans end up playing a larger role than anticipated in the Kosovo talks, but Britain made it abundantly clear that its European commitment was intended to complement, not replace, the time-tested ties to Washington that some British critics depict as a slavish readiness to do Uncle Sam's bidding.

Alone among its supposed European partners, Britain sent its warplanes to bomb Iraq last December while the rest of Europe — France in particular — looked on disapprovingly. And while Mr. Blair and Mr. Jospin foresaw the creation of a pan-European defense in-

dustry as part of their initiative, two of Britain's biggest defense contractors went their own way last month, announcing a merger that left potential French and German suitors smarting.

As ever, Britain seems to be carving out its own role — European by trade and geography, but not in its soul, an island only 22 miles from France that feels closer in strategic and economic philosophy to the United States.

"There are fundamental political and historical differences in the perception of security" separating Britain and its European partners, said Colonel Terence Taylor of the International Institute for Strategic Studies. "And because of these fundamental differences, Britain can stand with the United States where others cannot."

Indeed, after last month's British defense merger, Josef Joffe, a German newspaper columnist in Munich, remarked that the deal "will keep Britain going as a global player, which in some respects is more important than being a European power."

'Glory to SS' Is Rally Cry For These Old And Young

By Roger Cohen
New York Times Service

MAGDEBURG, Germany — Their heads shaved, their boots polished, hundreds of young men marched into the cathedral square of this central German town chanting, "Glory and honor to the Waffen SS."

Police, arrayed around the square with shields and water cannon, immediately issued a warning to the neo-Nazis: "We will arrest anyone who goes on chanting this slogan." It is a crime in Germany to exalt the deeds of the Nazis.

The demonstrators, mostly members of the National Democratic Party, quickly switched their tack, raising their voices to demand, "Work for Germans first" and declaring, "The national resistance is marching here."

The extreme right remains marginal in Germany, blemished by all sorts of constitutional restrictions. But, although small, it is growing, especially in former East German towns like this one where unemployment is rampant. And the extremists appear to be highly organized and determined.

Saturday, beneath the unseasonal sunshine of Magdeburg, close to 1,000 rightists deployed around a square with the precision of a paramilitary organization. Older men, wearing brown leather coats betraying a nostalgia for the Gestapo, directed the movements of younger men, most skinheads in their late teens and early 20s with a taste for black leather jackets and big boots.

It is in these two age groups, the experienced old and the angry young, that rightist organizations have recently proved most successful in finding recruits. They can exploit the frustrations of older people who have known nothing but authoritarian rule and now have neither work nor prospects, and of school-leavers who find no job openings.

"We have doubled our membership to over 6,500 in three years and we will rise to power in this country," said Stefan Hupka, the regional leader of the



IN REMEMBRANCE — A soldier of the Austrian Army lighting a candle in memory of avalanche victims of last week during a service at the church of the Wilten Abbey in Innsbruck on Sunday.

National Democratic Party. "We stand for German values, German culture, and against the guilt complex imposed on us by powerful groups, especially in the United States."

In his leather jacket, with a cellular phone in each breast pocket, Mr. Hupka was, very much, the modern agitator, measuring his words but leaving no doubt of his revolutionary intentions.

Many in his party, he noted, did not believe the Holocaust ever happened, "but I will not give my own view because I could be arrested."

Unemployment in the state of Saxony-Anhalt, where Magdeburg is situated, is running at close to 20 percent. One banner raised Saturday said, "Turkey for the Turks, Germany for the Germans," an allusion to the large numbers of Turkish guest workers in Germany. Most such workers are in the west of the country and not in the formerly Communist east.

Another banner said, "Multiculturalism equals genocide." A third showed a photograph of a young blonde girl with wide eyes and braids, who might have been lifted from a Nazi propaganda

movie: "Does she have a future in this country?" it asked.

Economic problems in the former East Germany have clearly helped the rightists enormously, especially in combination with Chancellor Gerhard Schröder's pledge to open the way for many of Germany's 7.3 million foreigners to become German citizens. Indeed, the formal reason for the demonstration Saturday was a protest against proposed new immigration laws.

The gathering underscored the way the issue of immigration has prompted an unlikely coming-together of the moderate right and the extreme right, if only on this issue. The Christian Democrats have organized a highly effective petition against Mr. Schröder's initial pledge to allow foreigners to hold dual nationality.

Klaus Ramm, a 56-year-old construction worker who lost his job six months ago, said he had voted for the Christian Democrats in the last election but now felt drawn to the National Democrats. "People my age no longer have a chance," he said, "and foreigners are pouring in. At least these people stand

for German ideals."

As close to 2,000 police officers surrounded the square and circled overhead in helicopters, Mr. Ramm commented acidly: "If the German police checked our borders as well as they check all of us, we'd be a lot better off."

A court decision in Magdeburg early Saturday prevented the rightists from marching through the town and confined them to the square. At the same time, a counterdemonstration was held by leftist organizations that featured a rock concert and signs saying: "No human being is illegal."

Reinhard Hoepfner, the premier of Saxony-Anhalt, addressed the counterdemonstration, saying that he protested "this attempt to abuse the necessary discussion about a reform of the citizenship law for fueling xenophobia."

But it seemed clear Saturday that much more than the immigration issue lay behind the rightist rally. There was also disillusionment at the difficult integration of East and West Germany, a process that has left many Germans angry at what they see as the false promises of Western capitalism.

Ulster Looks to Clinton

Meeting on St. Patrick's Day Could Be Crucial

By James F. Clarity
New York Times Service

DUBLIN — Irish and British officials increasingly are looking to President Bill Clinton for another intervention in the Northern Ireland peace effort, hoping he can end the dispute over the disarmament of the Irish Republican Army.

The dispute threatens to end the attempt by Protestant and Roman Catholic leaders to achieve permanent peace in the British province.

The president's involvement, including two widely acclaimed visits to Ireland, is viewed here as essential to the advance of the overall peace agreement approved by Protestant and Catholic leaders 10 months ago and overwhelmingly endorsed in referendums here and in the North.

Officials here and in Belfast, the northern capital, have indicated clearly in recent days that if the Northern Ireland Assembly in Belfast fails to resolve the disarmament dispute by mid-March, then the president is likely to try to persuade Protestant and Catholic political leaders to meet during their scheduled visit to the White House on St. Patrick's Day, March 17.

Michael Sullivan, the new American ambassador to Ireland and a former governor of Wyoming, said Friday that he would not speculate on details of the involvement of Mr. Clinton, who is a personal friend. But he added, "The president is deeply interested and anxious to see the peace agreement implemented."

Last week, on his first visit to Northern Ireland, Mr. Sullivan, who became ambassador six weeks ago, discussed the disarmament dispute with the Assembly's two leaders, the Protestant first minister, David Trimble, and his Catholic deputy, Seamus Mallon.

He was accompanied by James Lyons, Mr. Clinton's economic adviser for Northern Ireland and the Irish Republic. That post previously was held by former Senator George Mitchell, who became chairman of the peace talks that produced a formal agreement last Easter to end the sectarian warfare involving the province's Protestant majority and its Catholic minority.

The Americans did not meet officials

of Sinn Féin, the IRA's political wing, or of the Democratic Unionist Party of the Reverend Ian Paisley, which vehemently opposes the peace agreement.

Before any White House meeting, political leaders in the Irish Republic and in Northern Ireland are hoping that a compromise can be achieved by the chairman of the Northern disarmament commission, General John de Chastelain, the former leader of Canada's armed forces.

The leaders say they hope General de Chastelain will make a statement in the coming weeks that could defuse the disarmament issue and permit the peace effort to move into its next phase by March 10. That is the deadline for the Assembly to appoint 10 cabinet-level executives to prepare for the return to Northern Ireland of home-rule powers now held by the British government.

Creation of the cabinet has been blocked by Mr. Trimble's refusal to allow full participation by Sinn Féin until the IRA begins to disarm.

The IRA, which has been observing a cease-fire for 19 months, says it will not disarm before the peace agreement is fully carried out, which is expected to be in May 2000.

On Friday, Prime Minister Bertie Ahern of Ireland said that he would trust any statement on the impasse made by General de Chastelain. His words echoed those of John Taylor, the deputy leader of Mr. Trimble's Ulster Unionist Party, last week.

BRIEFLY

Balloonist Record

LONDON — Two British hot-air balloonists were well on course Sunday to circle the world onstopping after setting an endurance record and successfully avoiding Chinese airspace.

Andy Elsom and Colin Prescott restored a broken telephone line with components from their toilet light, and their mission control in London reported that they were in high spirits.

By Saturday, they had spent a record nine days and 20 hours in the air in their Cable & Wireless balloon. (Reuters)

Helicopter Crashes

STALDEN, Switzerland — Three people were killed when a helicopter belonging to an air rescue company crashed while checking on the risk of avalanches, authorities said Sunday.

The Air Glacier helicopter was flying over the Matter valley, near the southern Swiss resort of Zermatt, when it apparently hit a ski lift cable. The pilot as well as the local chief of road services and his deputy were killed.

The Swiss Alps have had up to five times more snow than usual in February. (AP)

A U.K. Royal Move

LONDON — Princess Anne is to make Edinburgh her official home in a concerted bid by Britain's royal family to dampen Scottish demands for independence, the Sunday Times reported.

The paper said Queen Elizabeth's daughter would effectively become princess regent in Scotland, holding court at the palace of Holyroodhouse, receiving foreign leaders and conferring honors on behalf of her mother. (Reuters)

Chirac Visits Troops

SKOPJE, Macedonia — President Jacques Chirac of France traveled Sunday to Macedonia to visit NATO peacekeepers preparing to intervene in the Serbian province of Kosovo.

During the brief visit, the first by a French leader, Mr. Chirac held talks with President Kiro Gligorov and Prime Minister Ljubco Georgievski. In the northern town of Kumanovo, Mr. Chirac visited the headquarters of a French peacekeeping contingent of about 1,200 troops. (AP)

Schroeder Seeks Compromise on Citizenship Bill

Reuters

BONN — Chancellor Gerhard Schröder was quoted Sunday as saying a compromise with conservative politicians over his plans to alter Germany's citizenship laws was possible.

The changes, offering German nationality to about half the country's 7.3 million foreigners, is in doubt after his alliance of Social Democrats and Greens lost a state election in February and with it the parliamentary majority needed to pass the bill.

The conservative Christian Democratic Union and their Bavarian allies, the Christian Social Union, have campaigned successfully against the plan, and particularly against a clause allowing foreigners to hold dual citizenship.

"If we could reach a compromise with the Union parties, too, on this, I would be absolutely in favor," Mr. Schröder told the newspaper Welt am Sonntag. He suggested he would be prepared to open discussions on the issue with politicians in Christian Democratic-led states who were not totally opposed to the dual citizenship clause.

With even limited Christian Democratic backing in the upper house of Parliament, where the states are represented, the bill could be passed as planned this summer.

If, on the other hand, the Christian Democrats continue the campaign against the bill, it could cost Mr. Schröder in state elections this year. Polls say some 60 percent of Germans are against dual citizenship being made widely available.

Germany's existing citizenship law defines nationality largely along blood lines and allows dual citizenship only in exceptional cases.

Congress Wants More on Greece and NATO Secrets

By Thomas W. Lippman
and David B. Ottaway
Washington Post Service

WASHINGTON — The Clinton administration cut off arms sales to Greece early last month because of suspicions in the Pentagon that the Greeks had supplied secret NATO aircraft jamming codes to Russia, according to administration officials and other sources.

But a Defense Department team headed by Major General Henry (Buzz) Kievanar Jr. of the army went to Athens more than a week ago to investigate the allegations and concluded that the suspected transaction did not occur, State Department and Pentagon officials said.

General Kievanar's team found "no compromise of technology whatsoever," a source close to the investigation said.

But some members of Congress who have been briefed on the alleged transaction are not satisfied, aides said. They are planning to press for more information, including a classified intelligence briefing that had been scheduled but was canceled without explanation.

General Kievanar plans instead to brief them in appearances scheduled for Monday and Tuesday, they added.

These lawmakers do not believe that the Defense Department's suspicions were entirely unfounded, congressional sources said, and want to know what they were based on.

The allegations against Greece aroused concern at the highest levels of the Clinton administration, officials said. If the Greeks did make the alleged technology exchange with Russia, it would constitute a serious breach of NATO security at a crucial time for the alliance.

It would also jeopardize the ability of American companies to take part in a planned \$17 billion modernization of the Greek armed forces, officials said.

R. Nicholas Burns, the U.S. ambassador to Greece, met six times with Defense Minister Akis Tzohatzopoulos to stress the seriousness of U.S. concern and press him to cooperate with the



PLOT CHARGED — Sems Kilic, an aide to Abdullah Ocalan, at an Athens news conference in which she accused Greece, the United States, Russia, Israel and Turkey of conspiring in the Kurdish rebel's arrest.

investigation, U.S. officials said. Mr. Tzohatzopoulos did so, one person familiar with the events said, "throwing open the file cabinets" and giving the Pentagon team access to whatever documents they wanted to see and whomever they wanted to interview.

"We got very good cooperation," Mr. Burns said. "Based on the results of our investigation, I have every expectation that our concerns will be satisfied."

Mr. Burns declined to specify what the Greeks were suspected of doing. Through a Pentagon spokesman, General Kievanar declined to be interviewed.

According to others familiar with the investigation, however, it began when the Defense Department tipped off a few members of Congress in early February that it believed Greece had made or was about to make a deal with Russia that would seriously undercut NATO secu-

rity. Russia would provide Greece with a radio jamming system known as the SPN-2, which is designed to interfere with the ability of NATO aircraft to deliver bombs or missiles accurately to their targets, these sources said. The Greeks allegedly wanted the system to use against the U.S.-supplied combat jets of its arch-rival, Turkey, a fellow NATO member. In exchange, the Pentagon believed, Greece was prepared to provide Russia with NATO codes that would enable Russia to defeat or deflect strikes by NATO aircraft.

In response to this allegation, the administration stopped issuing new licenses for the export of military or dual-use equipment to Greece. Equipment already in the export pipeline was not affected, but if the allegation turned out to be true, sales of that equipment also would have been blocked, sources familiar with the issue said.

Diplomats at the Greek Embassy in

EDITORIALS/OPINION

Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Truth for Guatemalans

In the annals of recent Latin American brutality, no nation can match Guatemala. The civil war that ended in 1996 went on for 36 years and killed hundreds of thousands, the vast majority of them Mayan civilians. Now the country's Commission for Historical Clarification has issued a report whose unflinching description of what happened captures the tragedy's scale. It is up to the government to show that Guatemala has changed, by embracing the report and moving quickly to carry out its recommendations.

The truth commission was sponsored by the United Nations. Its conclusions are numbing. It believes that more than 200,000 people were killed, more than 90 percent of them by government forces. Some of the state's counterinsurgency operations, the commission concludes, could be characterized as genocide.

The report dismisses the military's claim that the massacres were the excesses of rogue soldiers, and instead finds an "extermination en masse of defenseless Mayan communities," directed from the very top. The state, the report concludes, had become an instrument to protect a racist and unjust economic order.

This is blunter language than is usually found in UN documents, but there is no doubt of its truth. The report is also candid about the role of the United

States, which sponsored a military coup in 1954, trained the officer corps and worked with the intelligence services which planned and directed some of the worst abuses of the war.

But Washington has helped uncover its complicity. It provided more money than any other country to support the commission's work. Agencies that in the past refused to cooperate with Latin American truth commissions or trials turned over important files to Guatemala. The Agency for International Development and the CIA especially were cooperative.

The report emerges at a time of uncertainty about whether Guatemala can become a real democracy. The commission does not name the guilty, out of fear of provoking the military. The government's response is crucial. President Alvaro Arzu so far has been silent. He should endorse the report and quickly establish a body to see that its recommendations are carried out.

The commission stressed the need to dismiss military officers who are credibly accused of serious crimes. The report calls for prosecution of those responsible for the worst atrocities and recommends payment of reparations to victims' families. The commission's courageous report describes a hellish past. Guatemala's leaders must show that those days are over.

—THE NEW YORK TIMES.

Quiet Death in Oregon

Eleven months ago in Oregon, a woman in her mid-80s took some pills prescribed by her doctor, slipped some brandy, lay back in bed with her family around her, and died. In that quiet way, after great debate across an aging nation, a new era began. Oregon had become the only place in the world in which assisted suicide was legal.

Its voters had twice approved assisted suicide. Its courts had let the people's decision stand, its public health bureaucracy had drafted 91 pages of rules to govern how it would work, and a woman in the terminal stages of breast cancer had filled out a one-page form. "Request for medication to end my life in a humane and dignified manner." Two doctors confirmed that she had less than six months to live.

Some doctors and religious leaders in Oregon remained opposed, some pharmacists did not want to write lethal prescriptions, and some legislators threatened to revise the law. These worries were reinforced by disturbing stories from the Netherlands, where assisted suicide is technically illegal but nevertheless has been practiced widely for 15 years, supposedly governed by standards established by the Royal Dutch Medical Association. The stories suggested that some people had been given assistance in dying even though they had not requested it.

Now, thanks to two recent reports,

the experiences in Oregon and the Netherlands can be compared. A report in the Journal of Medical Ethics strongly suggests that the conflict between law and practice in the Netherlands has created a fatal confusion. In one in five cases surveyed there, euthanasia was performed on patients who had not requested it, and on patients for whom other, untried treatments for their illnesses were still available.

In Oregon, by contrast, a report by the State Health Division found that there had been no run on death, no confusion and no abuse. Only 15 people, eight men and seven women, were helped to die in 1998. Thirteen were cancer patients, and many, their doctors said, were decisive personalists, or people acting on long-held principles. A pattern had begun to emerge of people dying in gatherings of family after eating barbiturates to chocolate pudding.

The Roman Catholic Archbishop of Portland has denounced their deaths as cause for "sadness and shame." Moral conscience always is grounds for disagreement, but Oregon seems to have shown, on this most personal and final of issues, that it is possible to make law and bureaucratic rules that allow people to take responsibility for themselves, without the state or anyone else abusing them. That is cause for relief.

—THE NEW YORK TIMES.

Clinton Should Talk

In certain contexts, silence may be golden. But that is seldom the case with presidential silences. No one will ever know the complete truth about Juanita Broadrick's allegation that Bill Clinton raped her in 1978. What we do know is that this is another instance in which America's most vital civic conversation, the one between the chief executive and the people who elected him, is being conducted through the president's lawyer. The result is that the public and the press are in a muddle as to what to think of a president who seems increasingly a stranger.

In his past confessions, Mr. Clinton has presented a hazy sketch of himself as a recreational philanderer. But there is now a set of allegations stretching across two decades that depict him as a serial masochist or worse.

There is no legal or constitutional remedy for the situation. But surely there is a limit to how long Mr. Clinton can speak through his lawyer on these matters and more broadly restrict his exchanges with the press to brief, carefully choreographed events instead of open-ended news conferences. Unless he wants to serve out the remaining two years of his presidency oddly isolated from the people he leads, he must find a way to resume a normal dialogue with the American people and the press.

It may be that he can add little to David Kendall's terse denial about the Broadrick allegation, but it would be

wise to hear him address the matter and provide his version of what transpired, if in fact the two did meet in a Little Rock hotel room in 1978.

But beyond the particulars of this case, there is the larger need to reestablish communication with the nation after a traumatic year. David Gergen, a former Clinton adviser, put it aptly in a recent appearance on "Larry King Live." The president, Mr. Gergen said, "should have a reflective conversation with someone on television and really talk about where he is in life, what his aspirations are, talk about his past, try to help us sort this out."

By all accounts, the White House is banking on the Broadrick story lacking legs, and hopes to be able to squeak by on Mr. Kendall's unelaborated denials. But if the president remains in his customary defensive crouch, perhaps he will at least accept the advice of Patricia Ireland, president of the National Organization for Women. Mindful of the base attacks on previous accusers by presidential agents such as James Carville and Robert Bennett, she urged Mr. Clinton to prevent such tactics from being used against Ms. Broadrick. That is a good idea on its merits. Moreover, Ms. Ireland's statement suggests that the feminist establishment may be recovering its ability to speak to the question of Bill Clinton's conduct.

—THE NEW YORK TIMES.

Now to Try to Get China Into the WTO This Year

By Douglas H. Paal

WASHINGTON — Despite previous upbeat indicators, both the Chinese government and the Clinton administration are reinvigorating efforts to get China into the World Trade Organization this year. Prime Minister Zhu Rongji is providing the political will behind internal efforts to overcome difficult economic times and reach compromises with the United States on trade issues.

Even if China offers what it considers maximum accommodation, a pitched battle lies ahead between American protectionist and pro-business interest groups over the issue of Chinese entry into the WTO.

Still, both governments are now showing much more serious political will to address the remaining obstacles in the way of a bilateral agreement. A scheduled exchange of official visits in the next two months, including talks that Secretary of State Madeleine Albright conducts in Beijing starting this Monday, is intended to close the most important remaining gaps.

Mrs. Albright will be seeking to defuse some of the more troublesome political and security issues clouding relations, including human rights, theater missile defenses, nonproliferation and North Korea.

Mr. Zhu, who hopes to visit the United States in April, has come around to a fuller understanding of how the WTO can set benchmarks for Chinese industry to make it more efficient. Protection breeds uncompetitive industries; competition generates higher value goods and jobs.

But why do it now, when unemployment is breeding social instability that Beijing seems to consider threatening to the regime? Mr. Zhu evidently realizes that the Chinese-U.S. agenda in 1999 is likely to be filled with bad news. The WTO offers one bright spot for a positive achievement.

Taiwan has finished its negotiations for entry into the WTO as a "separate customs territory," creating at least a theoretical possibility of entering before China at November's WTO ministerial meeting.

A comprehensive millennium round of WTO negotiations will start next year, raising the bar that Beijing will have to surmount for entry and leaving China out of the deliberative process unless it seals access before then. Given with the likely delaying effect of the

U.S. presidential election, China's next real chance to negotiate entry may be as long as five years away.

Short-term success is not assured. Mr. Zhu's principal concerns include so-called protocol issues related to a bilateral agreement on WTO entry: how Washington will apply anti-dumping legislation, Section 301 executive orders allowing for punitive sanctions, and safeguards on export surges.

But the Clinton administration sees advantage in getting China into the WTO. The White House does not want a setback in last year's progress in U.S.-Chinese relations. So the administration is forcing the U.S. Trade Representative's Office to refine its priorities for China. In recent years, the office has had trouble choosing among issue areas, for fear of alienating the political support of different interest groups in Congress.

The give and take within the administration has now boiled down to a

U.S. requirement for market openings in agriculture, to include meat, citrus fruit, wheat, corn and rice; in services, to include telecommunications and distribution; and in goods, to include autos, auto parts, paper and pulp products.

After Mrs. Albright's talks, Special Trade Representative Charlene Barshefsky will visit Beijing to try to move the WTO agreement forward.

In China, fears of instability caused by unemployment and exacerbated by foreign competition may yet prevent final compromise. In the United States, fears of alienating Democratic Party constituencies that were helpful to Mr. Clinton during the impeachment process may lead to excessive demands.

Mr. Clinton is clearly looking for a new success with China. The administration will be tempted to justify last-minute concessions to Beijing in the name of supporting "moderates" in the leadership.

It will be a tough fight all the way. If an "agreement in principle" is achieved for a Clinton-Zhu meeting in Washington, infighting will intensify

as the details are ironed out in the months before the WTO ministerial meeting in November.

One issue will be how to handle the annual debate over China's most-favored-nation status, now known as normal trade status. Some lawmakers will move to make China's trade status permanent. Others will argue that only an annual waiver should be permitted until China formally enters the WTO and demonstrates good faith. The latter will be supported by human rights activists. They are likely to prevail.

China's WTO application would not have gained such momentum if U.S. private sector representatives had not served as go-betweens. The private sector will be key in countering protectionist forces arrayed against Beijing in the fights over normal trade status and in the congressional debate on the terms of the WTO agreement.

The writer, president of the Asia Pacific Policy Center in Washington, contributed this column to the International Herald Tribune.

Here Comes E-mail, and Beijing Can't Police It

By Greg May

WASHINGTON — The aspect of e-mail that so annoys Western users — the fact that anybody with a product to sell or a scam to run can send out millions of messages — makes it a daunting problem for China's Internet police. Keeping Chinese Web browsers away from www.amnesty.org or www.freelibrary.org is hard enough, but filtering and censoring millions of e-mail messages, many encrypted or sent anonymously, is impossible.

Chinese dissidents quickly caught on to "spamming," or sending unsolicited e-mail messages. The first issue of the electronic magazine Tunnel appeared in Chinese e-mail boxes on June 4, 1997, the eighth anniversary of the Tiananmen Square massacre. Written largely by intellectuals inside China and then distributed to Chinese e-mail boxes from computers in the United States, Tunnel bills itself as the first electronic magazine dedicated to breaking China's "information blockade."

The first issue contained instructions on how readers can anonymously forward the magazine to others.

Recently a Shanghai court sentenced

computer entrepreneur Lin Hai to two years in jail for selling 30,000 Chinese e-mail addresses to the dissident e-mail publication VIP Reference, which, like Tunnel, is spammed across China.

Communist authorities have yet to solve the fundamental dilemma surrounding China's desire to develop a world-class, high-tech economy while still maintaining at least some control over information.

Aside from making anyone with a computer into a potential publisher, e-mail accelerates and amplifies the word-of-mouth communication that Chinese use to stay informed about politically sensitive topics.

In 1996, when Beijing and Tokyo were embroiled in a quarrel over the disputed Diaoyu Islands, Chinese university students used e-mail to organize anti-Japanese demonstrations. Alarmed Chinese officials, who wanted to avoid a major rift with Japan, temporarily shut down computer bulletin boards on some campuses.

The impact of e-mail as a tool of mass communication will increase as more people get on-line. Official statistics show that China has 2.1 million Internet users. This is less than 0.2 percent of the population, but it represents a relatively young, wealthy and highly educated cohort — in short, the people most likely to run China in the future.

A clever ruler would see the Internet's potential as a pressure valve for the intelligentsia to vent its frustrations in a forum still closed to most outside the wealthiest cities. Jailing people like Lin Hai only creates new martyrs and tarnishes China's international image.

The Internet is fundamentally an unruly free-for-all. Just as the United States is able to prosecute only a handful of the child pornographers and con artists on-line, Beijing can hope to catch only a token few of its growing legion of cybercritics.

The writer is an assistant director and a research associate in Chinese studies at the Nixon Center in Washington. He contributed this column to The Washington Post.

This International Economic Crisis Was Unnecessary

By William Pfaff

PARIS — There has been remarkably little reaction to the splendid articles on the international economic crisis, prepared by an editorial team led by Nicholas Kristof, that appeared from Feb. 15 to 18 in The New York Times (1/17, Feb. 16 to 19).

Moderate and judicious in tone, the series reveals the extent to which the crisis of the globalized economy (not yet over) was unnecessary, the unanticipated product of a self-interested policy that originated in the American financial community and was taken up by the U.S. government.

During the past decade, the conventional wisdom of governments and international economic organizations, as well as of much of the university economic policy community and

the press, has been that deregulation and "globalization" of the international economy have been a natural, even inevitable development.

That view has held that globalization results from technological innovations in communications, from banking and industrial organization, and ultimately from the economic reality that international trade exploiting the comparative advantage of national economies produces progress for all.

Resistance to globalization has been considered futile. Objections to it — based on political or social arguments concerning the ability of such nations as Russia or Indonesia to function responsibly in a globalized economy — have been

dismissed. It was said that market forces would automatically correct excesses and enforce the general interest.

This belief was not universally shared among political economists. It originated as the sectarian enthusiasm of a minority of writers and theorists in Britain and the United States, beginning in the 1970s, and it derived more from their political hostility to "big government" than from objective economic analysis. It was an argument naturally appealing in business circles and the financial community.

The New York Times series documents the process by which international financial deregulation was sold by Wall Street to the Clinton admin-

istration (indeed, to Bill Clinton while he was still governor of Arkansas), causing it to aggressively promote global deregulation and use the political power of the United States to remake world finance.

Jeffrey Garten of the Yale University School of Management, who was an official in the Commerce Department during Mr. Clinton's first term, says, "We were convinced that we were moving with the stream." He and his colleagues pressed "as a matter of policy for more open markets wherever you could make it happen."

"Although the Clinton administration always talked about financial liberalization as the best thing for other countries," Mr. Kristof notes, "it is also clear that it pushed for free capital flows in part because this is what its supporters in the banking industry wanted."

The success of this campaign produced a fundamental change in the world economy, with consequences yet to be fully felt. Goods and commodities were replaced, as the principal components of international trade, by stocks, bonds and currencies. The global financial market replaced the global economy. The total worth of financial derivatives traded in 1997 was 12 times the worth of the entire world economy.

When crisis arrived that year, the same investors who had profited from globalized markets worsened the crisis by speculating against newly weakened currencies. The United States used its own resources and those of the IMF to rescue Western investors and U.S. and European banks. That is now generally acknowledged.

The countries that were victims of the crisis were pressed by Washington to adopt measures of austerity, imposing severe economic and social costs on their populations — at a policy that is now widely conceded to have been wrong.

Mr. Kristof adds that "when the crisis seemed as if it might strike the United States," in September 1998, "the administration had a change of heart" about austerity as the appropriate response. "Mr. Clinton [welcomed] three interest rate cuts by the Federal Reserve, pressing Europe and others to cut rates as well," and the Federal Reserve arranged the rescue of Long-Term Capital Management.

To millions in Asia, Russia and Latin America, deregulation of the international economy must look like a vast swindle. It was not, in fact, a swindle. It was something perhaps worse. It was an irresponsible, disastrous experiment, inspired by ideology, promoted by Western groups that expected to profit from it, backed by the power of the U.S. government.

The more prominent victims were Indonesia, Thailand, China, Russia and Brazil, and the affair is not over.

Western defenders of the experiment argue that despite all that went wrong, there has been a large net increase in international growth and wealth. This does not take into account the political carnage. That, unfortunately, has in the past proved to be the outcome of economic crises which have the most lasting consequences.

International Herald Tribune, Los Angeles Times Syndicate.

Competing on the Net Looks Easy

By Thomas L. Friedman

WASHINGTON — Testing before Congress last Tuesday, Alan Greenspan would not exactly come out and say there was a little irrational exuberance behind some of the Internet stocks, but he said these share prices had reached levels that gave him "concerns."

Well, if you really want to be concerned about the levels of some of these profitless Internet stocks, such as Amazon.com, pay attention to what is going on in a small house in Cedar Falls, Iowa.

There, a single Iowa family, headed by Lyle Bowlin, is recreating Amazon.com in a spare bedroom.

I tell you this not because Mr. Bowlin is an immediate threat to Amazon.com, but to underscore just how easy it is to compete against it, and why therefore I am dubious that Amazon and many other Internet retailers will ever generate the huge profits that their stock prices suggest.

Mr. Bowlin is director of the Small Business Development Center at the University of Northern Iowa. He is a book lover who grew up in small Iowa towns and regretted that he never had access to a good independent bookstore with lots of titles. When the Internet and Amazon.com came along, says Mr. Bowlin, "I realized that in my spare time I could create a virtual independent bookstore."

First he set up a Web site at www.positively-you.com. Then he contacted the same book wholesalers that Amazon uses and discovered that

to get virtually the same volume discounts that Amazon gets, all he needed to do was order five copies of any particular book.

The other accommodations were just as cheap. He pays an Internet service provider, ACES, \$30 a month to house his very colorful Web site, and \$30 a month to American to enable people to charge books on their credit cards over a secure server line. He pays his bank \$50 a month to manage the credit card transactions, and has \$40 a month printing costs, largely for his own monthly book newsletter.

"I have no employees. My daughter does the accounting. I maintain the Web site and my wife does the shipping. Altogether, I only need to generate \$150 a month in profits to cover all my expenses, and the rest is cream."

Once he was set up for business, Mr. Bowlin spread the word among his neighbors, colleagues and friends that not only could he offer them everything Amazon.com did, but he could do it cheaper and make a profit from day one. He now has customers from 23 states and Canada.

It is funny to go to his Web site and see it offering "Millions Of Books At Great Prices," knowing that it is all being done out of his spare bedroom — as a hobby!

Amazon.com, for example, offers "The Testament" by John Grisham, for \$19.57 (30 percent off retail) plus \$3.95 shipping and handling. Mr. Bowlin sells it for \$18.17 (35 percent off) and \$2.75 ship-

ping and handling — \$2.60 less. How? Like Amazon, Mr. Bowlin buys "The Testament" from the wholesaler for 44 percent off retail, but since he has no overhead or advertising budget he can sell it for 35 percent off. He can deliver the book through the U.S. Postal Service within three days for only \$1.63, so he makes \$1.12 more on shipping for each sale. Total profit: \$3.65 per book.

Plus, says Mr. Bowlin, "When you charge a book, I collect your money within a few days from Visa, but I don't have to pay my wholesaler for that book for 30 days, so I have a free loan which I earn interest on — just like Amazon."

Because his profit margins are razor-thin, Mr. Bowlin, like Amazon, needs repeat buyers. Amazon gets them by offering useful information about books. Mr. Bowlin does it by offering any government-certified nonprofit organization a donation of 10 percent of the purchase price of any book that any nonprofit or its members buy through him.

The next time your broker tells you that this or that Internet retailing stock is actually worth some crazy multiples, think for a moment about how many Lyle Bowlins there already are out there, and how many more there will be, to eat away at the profit margins of whatever Internet retailer you can imagine. It costs them only \$150 a month and they can do it as a hobby!

For about the cost of one share of Amazon.com, you can be Amazon.com.

The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Cebu Surrender

PARIS — Full details of the circumstances attending the hoisting of the American flag over Cebu are given in special dispatch from Manila. The ceremony was carried out peacefully, though not without some danger of a collision. It seems that the contagion of Aguinaldoism had spread to some extent among the natives. Fortunately, the arrival of the American forces put a stop to the progress of the disease.

1924: Women Voters

LONDON — After an all-day debate the House of Commons assented to the second reading of the so-called "League Year Bill," for the extension of the Parliamentary franchise to all women who have reached the age of twenty-one. If the Bill becomes law the number of women voters will then outnumber the male

voters. The women supporters of the Bill said that most women had voted wisely, and the fears of petticoat domination were groundless. It was stated also that women mature earlier than men, and a woman of twenty-one has quite as much common sense as a man of that age.

1949: Southern Threat

WASHINGTON — Twelve Southern Senators stood grudgingly to open their filibuster attack against civil rights legislation. Led by Senator Richard B. Russell, Democrat of Georgia, the Southerners will fight the "motion to consider" to the finish, in order to prevent a vote on their major weapon against such articles of the civil rights program as anti-lynching and poll tax bills. As they have promised, the Southern Democrats will attempt to talk the motion to consider the anti-filibuster bill to death.

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INTERNATIONAL

Kosovo Fighters Prefer War to West's Peace Plan

Proposal Damages Hopes for Independence

By R. Jeffrey Smith
and Peter Finn
Washington Post Service

OBRINJE, Yugoslavia—Rexhep Selimi, a former student of Albanian literature, eases himself onto a couch in an unheated farmhouse near this Kosovo village and props his automatic rifle by his side. Then, cautiously and quietly, he tries to explain why he and other leaders of the Kosovo Liberation Army oppose the peace accord that the United States and its allies drafted last month.

"War will cost us," said Selimi, who is 27 years old. "It will take human lives, and it's very painful. But the other choice has another cost: the slowness of finding our independence."

He said he and his fellow rebels were very skeptical of the Western approach, which leaves the issue of Kosovo's independence unresolved. The agreement promises Kosovo and its ethnic Albanian majority only limited autonomy from Yugoslavia and its dominant Serbian republic.

Asked whether he would support the peace plan now, Mr. Selimi briefly bowed his head in thought, slowly raised it and said, "No." Mr. Selimi is no ordinary member of the Kosovo Liberation Army, which has been leading a secessionist revolt against Serbian rule for the last year. He is a founding member of the rebel army and one of its senior officers.

His nephew, Sulejman Selimi, who is 28, is a year older, is the group's new military commander, and Rexhep Selimi counts among the other opponents of the accord several key regional military commanders and the bulk of its increasingly well-armed and proficient fighters.

On the opposite side of the issue is a group of leaders from the political wing of the rebel group, who took part in 18 days of Western-mediated negotiations

in France and returned to Kosovo on Thursday aboard a French military jet transport.

The talks ended without agreement but with the negotiators saying that they expected to sign the accord March 15 after consulting with the people and with rebel forces in Kosovo.

Their return home Thursday, however, marked the beginning of what promises to be a major struggle within the guerrilla movement, one that could determine not only the future of Kosovo but also that of the Clinton administration's policy in the Balkans.

The rebels face a choice between ending the war with their aspirations for independence unresolved and continuing to fight at huge cost to Kosovo's civilian population. They plan to meet repeatedly to thresh out their decision but predict that no announcement will be made for at least another week.

Hanging in the balance is not only the possibility of an immediate cease-fire but also an ambitious North Atlantic Treaty Organization plan to station 28,000 peacekeeping troops in the Yugoslav province. They would be entering an area where more than 1,500 people have been killed, and hundreds of thousands displaced from their homes, in the past year.

Many villages are now ghost towns, with only farm animals and dogs wandering among their scorched and roofless buildings.

Many Western diplomats and NATO generals are baffled by the intransigence of the rebels, whom they see as the beneficiaries of international involvement in the crisis.

But the dreams of Mr. Selimi and other hard-line guerrillas have been forged in such bitter personal and family struggles against the Yugoslav government—and the rebels have so firmly identified themselves as the ultimate guarantors of an end to repression—that it remains hard for them to put down their guns and leave the task of protecting the citizenry to others.

"There are probably people who say: 'Take this now, it is the best deal'—all of which may be true," said J. Bowyer Bell, an expert on independence movements and author of a recent book, "The Dynamics of the Armed Struggle."

But, he said, "these guys have fallen in love with an idea—'independence.'"

"You can't fall out of love easily," he added. "It's very difficult, and that is why this choice is so hard for them. They're not irrational; their perception is just completely different."

For example, one of Mr. Selimi's allies, a rebel commander named Celiku, who oversees the strategically important Malisevo area of south-central Kosovo, said he was "convinced that the agreement will help Serbia."

In its current form, the accord gives the Serbs an unwarranted assurance that Kosovo will not become independent for years, Mr. Celiku said. He said he was confident that after another year of fighting, NATO would shift ground and support a deal that guaranteed Kosovo's eventual independence.

Western diplomats, in contrast, say they continue to harbor concerns that any more decisive move toward Kosovo's independence would not only provoke Yugoslavia more but also threaten regional stability, undermine the effort to build a multiethnic state in nearby Bosnia and encourage a wave of independence moves among ethnic minorities elsewhere.

They also say that NATO will not send troops unless ethnic Albanians agree to a compromise and observe a cease-fire.

Guerrillas Kill Serb Policemen

A Serbian policeman was killed and four others were seriously wounded in an attack Sunday by Kosovo guerrilla fighters south of the city of Kacanik, Agency France-Presse reported from Pristina, the Kosovo capital, quoting the spokeswoman of the European observer mission.

Fighting between Serbian forces and rebels from the Kosovo Liberation Army a few kilometers away in the town of Pustenik forced between 2,000 and 3,000 villagers to flee toward the border with Macedonia, according to Beatrice Lacoste of the Kosovo Verification Mission.

The shooting of the policeman occurred four kilometers (2.5 miles) south of Kacanik near Gajare in southern Kosovo, she said.

It was the second slaying of a Serbian police officer in two days.

In the earlier attack, one policeman was killed and another wounded in an ambush 15 kilometers west of Pristina, the Serb Information Center said.

Refugees fleeing fighting Sunday were said to be about a kilometer from the border with Macedonia.



Serbs removing a wounded police officer from his jeep Sunday near the village of Gajare in Kosovo, where ethnic Albanian guerrillas ambushed police patrols over the weekend. One was killed and three were wounded.

NATO: Kosovo Intransigence Poses a Grave Test to Credibility

Continued from Page 1

agreement by the ethnic Albanian side.

Technically, the alliance's secretary general in Brussels, Javier Solana Madariaga, still has the authority the allies gave him Jan. 28 to launch devastating attacks against Serbian forces. If the Serbs initiate large-scale attacks that produce numerous Albanian victims, Mr. Solana could come under heavy pressure from Washington to give the order.

But whether the European allies would clearly support military action now looks more doubtful than it did a week ago.

Nor is the credibility of the allied threat the only ambiguity. "Everyone agrees that peacekeepers should be neither a substitute for the Kosovo Liberation Army nor an occupying force for the benefit of the Serbs," a senior French diplomat said, but the allies would be taking on a difficult balancing act on an uneasy tightrope if they went in.

Unlike the NATO peacekeeping mission in Bosnia, allied soldiers in Kosovo, and the Russian troops and others who would be expected to go in with them, would be operating on the territory of a foreign country that does not want them there.

And though most of the 2 million ethnic Albanians do want alliance troops in Kosovo, among the first things the peacekeepers would have to do is to fan out throughout the province and oversee the disarmament and disbanding of the

Kosovo Liberation Army, the main rebel force.

The independence for which the rebels are fighting is not an objective the peacekeeping force supports. In effect, the force would take over responsibility for the internal security of the province from the Serbian authorities who abolished its autonomy 10 years ago.

On the Serbian side, the peacekeepers would be expected to oversee the withdrawal of more than 15,000 Serbian military units, and about that many special police troops, from the province.

The Serbs used the time during the Rambouillet talks to build up their forces in the area, moving some 4,500 heavily

'Peacekeepers should be neither a substitute for the KLA nor an occupying force for Serbs.'

armored troops along the border with Kosovo. The rebels, too, took advantage of this time to regroup and rearm.

The draft accord, officials say, provides for 2,500 Serbian troops to patrol Kosovo's border with Albania during the three years the peacekeepers would be in the province, which will remain formally a part of Serbia.

It is unclear what the peacekeepers would do after the three years.

"We want to play for time," a French strategist said in explaining the plan recently. The hope seems to be that in three years Mr. Milosevic, who has

NIGERIA: Challenge to Election Results

Continued from Page 1

army rule. It also will need domestic acceptance of the result to enhance the legitimacy of the incoming government. It appeared likely that public approval at home would be the more difficult.

Yoruba say that Nigeria's politically dominant, Hausa-speaking elites—who come from the north and lead the military's officer corps—will not permit a Yoruba-backed candidate to take power.

And Mr. Falae's charge will recall for them that in 1993, the Hausa general Ibrahim Babangida scuttled a transition to civilian rule after the Yoruba businessman Moshood K.O. Abiola emerged in the vote tallies as the sure winner.

Chief Abiola died in prison a month after General Abacha's death, and the demise of the two bitter antagonists cleared the way for another attempt to restore democracy.



TAIWAN MOURNS—A woman grieving Sunday at a memorial ceremony in Taipei marking the 52d anniversary of a massacre in which Nationalist troops killed thousands of natives of the island.

EURO: Amid Political Pressures, Single Currency Is Losing Some of Its Initial Luster

Continued from Page 1

ingness to use such heavy threats as suggesting that deflation could take hold in the euro zone if the ECB does not cut rates, focuses attention on the other euro's built-in problems.

Besides the contradiction between the instincts of the largely leftist governments of the euro zone and the calls for labor market and other structural reforms from the central bank, there is the real possibility that economic developments could lead some countries in Euroland into opposing or competing cycles in which a single monetary policy for all would come under strain.

With the German economy deteriorating, this notion of "asymmetric shock" and its implications for the euro is

less a textbook case than six months ago. If such circumstances intensify, the euro's course could be further politicized.

Mr. Greenspan, testifying before the U.S. Congress last week, seemed to point an oracle's finger in this direction, saying: "There will be pressures on Europe because they have eliminated the capacity for exchange rate adjustment at their borders. These adjustments are going to occur in different ways." True to his occasionally enigmatic manner, he did not say how.

Throughout the first two months of the euro, Mr. Greenspan's counterpart, Wim Duisenberg, the ECB's president, has done little to sharpen his own profile as both voice and strong hand of the euro. The bank has made clear that it thinks Mr. Lafontaine is doing the cur-

rency a disservice with his remarks, that it does not believe the movements in the euro indicate any permanent direction and that the euro is not fluctuating more than the Deutsche mark did over recent years. But these attitudes have been more slipped under the door of public opinion than forcefully stated.

This may be the way of the world of central banks, but it does illustrate an awkwardness in the euro. Government heads seem hesitant to speak out in its name or defend it, as if the money lay outside their proprietary domains.

Perhaps because of some of the same awkwardness, no one among his peers has gone after Mr. Lafontaine's thesis in public. The ECB has done the job obliquely, but so far no elected politician in Europe has cast himself as defender of

the euro's integrity. The task is delicate for Mr. Duisenberg, a newcomer as yet without Mr. Greenspan's aura, or a full political consensus behind him on how to create new growth in Euroland.

However early it is the euro's lifetime, these circumstances are also an uncomfortable echo of Europe's difficulties in finding someone to speak in its name on foreign policy.

Mr. Greenspan indicated to Congress that he was watching the euro with interest—and patience.

"The euro," he said, "is going to be a very interesting experiment. It's going to teach us a lot about how these systems work when you start from scratch. It has not been tested yet obviously. It's going to take years before there's been really significant tests on that system."

Ethiopians Claim Victory In Border War With Eritrea

By Karl Vick

Washington Post Service

NAIROBI—Ethiopia declared "total victory" on Sunday in its border war with Eritrea, and Eritrea acknowledged losing most of the ground it had occupied since last summer.

That rare point of agreement between the Horn of Africa neighbors may clear the way for them to sort out peacefully which country is legally entitled to the territory that each has now had a turn taking by force.

Ethiopian forces on Friday breached trenches that Eritrean troops started digging last May, when Eritrean tanks rolled into dusty hills and plains that had been lightly populated until soldiers began arriving by the tens of thousands.

At the climax of a four-day battle that each side said had claimed thousands of enemy lives, Eritrean forces pulled back en masse in what a government spokesman called a "strategic retreat."

That retreat apparently left Ethiopia with the entire Badme Plain, by far the largest section of disputed territory of the 1,000-kilometer (625-mile) border the countries share. It also left Eritrea without grounds for continued objection to the terms of a proposed settlement formulated by the Organization of African Unity, or OAU.

On Saturday, Eritrea's UN representative announced his country's full acceptance of the OAU plan, which Ethiopia accepted long ago. It was an acknowledgment by Eritrea that its only stated objections—one over withdrawing from the disputed territory, the other over whether Ethiopia would return to administering it while experts decided the boundary—had become moot.

"As we abandoned our front lines, the issue of Badme becomes somewhat irrelevant," said Yemane Ghebrmeskel, an adviser to the Eritrean president, Isaias Afewerki.

The UN Security Council welcomed the Eritrean statement and called for an immediate cease-fire.

A spokeswoman for the Ethiopian government, Selome Tadesse, said that senior Ethiopian officials would not reply before Monday. But she denied suggestions by Eritrean officials that the battlefield developments had coincided with back-channel overtures from the Ethiopian side concerning a cease-fire. "They have been defeated big time on the Badme-Shiraro front, so we don't need any back door," she said.

The spokeswoman also denied that fighting was continuing on that front on Sunday. The adviser to the Eritrean president had said that Ethiopia initiated "fairly intense" fighting at 11 A.M., a claim broadly confirmed by a diplomat in the Ethiopian capital, Addis Ababa, who asked, "When did it ever stop?"

The adviser said the advance of Ethiopian forces beyond the disputed territory had raised the question of how far Ethiopia intended to go. Eritrea was a province of Ethiopia until 1993, when it voted to separate in a referendum that was the fruit of a 30-year liberation war. The separation left Ethiopia landlocked, and before the latest fighting, some had called for reclaiming the former province.

"We now have a situation where Ethiopia occupies a chunk of what is clearly Eritrean territory," the diplomat said. "I would hope we're at a point where both sides are willing to sit down and let the OAU framework go forward."

Leader of U.S. Baptist Group Is Convicted of Racketeering

By Michael A. Fletcher

Washington Post Service

CLEARWATER, Florida—A jury has convicted the Reverend Henry Lyons, president of the largest black religious organization the United States, of racketeering and grand theft.

An all-white jury deliberated more than 12 hours over three days before filing into the courtroom Saturday to deliver the verdict against Mr. Lyons.

Bernice Edwards, a former aide to Mr. Lyons at the National Baptist Convention USA Inc. and a co-defendant, was acquitted by the six-member jury.

Prosecutors argued that Mr. Lyons and Ms. Edwards had used their church posts to steal from corporations eager to sell financial and other products to the group's members.

They actually became the Bonnie and Clyde of the National Baptist Con-

vention, the assistant state attorney, Jim Hellickson, said in closing arguments.

"Their creed was greed," prosecutors charged that Mr. Lyons and Ms. Edwards had sold businesses convention membership lists drawn randomly from telephone-number databases, stolen money solicited in the name of charitable causes and enhanced their scheme by greatly exaggerating the size of the church group. The denomination for years has claimed the allegiance of 8.5 million members—roughly a quarter of the African-American population in the United States—but is estimated by prosecutors to be much smaller, with perhaps 1 million members.

Mr. Lyons also was convicted of stealing \$244,500 that was given to him in 1996 by the Anti-Defamation League of B'nai B'rith for distribution to churches destroyed in arson attacks that captured national attention.

Prosecutors said Mr. Lyons had used his ill-gotten money to support a lavish lifestyle that included luxury cars, fabulous homes, expensive jewelry and fur coats—all of which he is alleged to have shared with multiple mistresses.

In voting to convict Mr. Lyons, the jury rejected the defense's argument that the money he had collected from corporations was not for membership lists but simply for endorsing their products to his faithful followers.

Defense lawyers argued not only that the Baptist convention had absolved Mr. Lyons of wrongdoing but that the businesses that had dealt with him had never made a criminal complaint.

Mr. Lyons could be given a term as long as 30 years in prison at his sentencing in about six weeks, although state guidelines indicate a likely sentence of three to seven years, prosecutors said.

مكتبة الأمل

HEALTH/SCIENCE

TOMORROW
STYLEWarding Off
Foot Injuries

Weekend Athletes Are at Risk

By John O'Neil
New York Times Service

NEW YORK — Foot injuries are a major problem for recreational athletes, particularly those past their bright college years. Because feet that spend Monday through Friday under a desk literally bear the brunt of the weekend athlete's Saturday enthusiasm, there is a awful lot of limping on Monday mornings.

Some of this is unavoidable. The foot is, after all, a complicated structure that has to absorb the force transmitted from the body to the ground — up to eight times body weight in a running jump.

But a recent review of foot injuries of the adult recreational athlete did provide some suggestions for ways to avoid the orthopedist's office.

Dr. Stephen Simons, associate director of the family practice program at St. Joseph's Medical Center in South Bend, Indiana, said in the article, in a recent issue of *The Physician and Sports Medicine* magazine, that such weekend flings account for up to 15 percent of all athletic foot injuries.

The most common, he said, are problems of the Achilles tendon, connecting the back

of the heel to the calf muscles, and of the plantar fascia, the tissue between the heel and toe.

Because of tales of ruptured Achilles tendons, with the sudden agony and the months on crutches, Dr. Simons said, some weekend athletes have given up basketball altogether.

The classic case, he said, is a man of about 38 who ruptures the tendon in his left heel on a weekend while jumping for a shot or a rebound. ("Right-handed people tend to jump off their left leg, because the right leg can swing up faster," he said.)

Treatment usually comes down to surgery, or immobilization. Dr. Simons said that a review of case studies found that patients who were operated on were more likely to return to playing sports at the same level, and only 2.8 percent ruptured the tendon again.

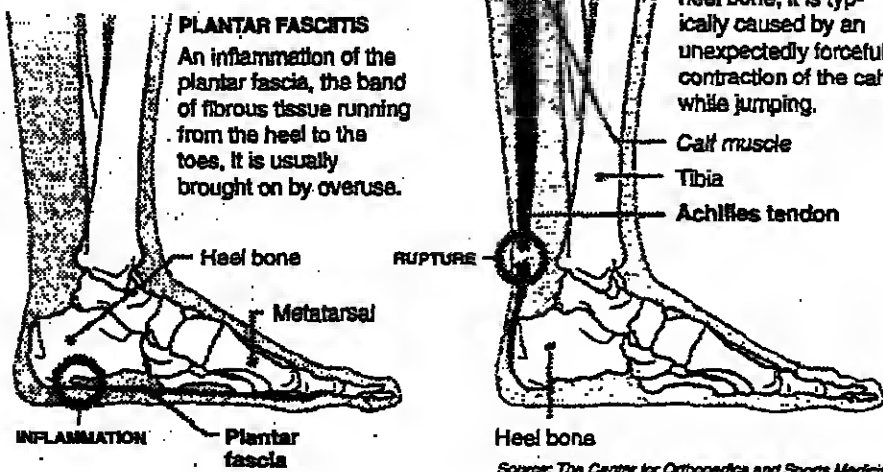
Those who used the more conservative treatment, a cast, had a re-injury rate of 11.7 percent. But the benefits of the cast are quicker recovery and fewer minor complications.

Plenty of players have pain in their Achilles tendons without a rupture.

But Dr. Simons said people who suffer acute injuries of

Aching Feet and Throbbing Tendons

When subjected to extreme or repeated force, the foot's complex web of bones and tissues sometimes breaks down. Here is a look at two of the most common injuries.



Source: The Center for Orthopedics and Sports Medicine

ten have no warning signs. "It may be that the person who's not hurting doesn't temper their activity," he said. "As you fatigue, the muscle does not relax as well." He added, "A consequence of that is an increased chance of rupture."

THE solution, he said, is to "hang it up when you're not too tired," though few are willing to do so.

If Achilles tendon problems are the most common trauma to the foot, the less well-known plantar fasciitis is the most common overuse injury. Dr. Simons described

its usual symptoms as "insidious onset of heel pain" that is worse after inactivity.

The plantar fascia is a layer of fibrous tissue that runs from the heel to the toes. When a person is walking or running, the plantar fascia can take on the shape of a bowstring — "and you can get a lot of tension in that bow," Dr. Simons said. That tension puts strain on the tissue's attachment point in the heel, which can gradually become inflamed.

Putting up with the nagging problem only prolongs the pain, Dr. Simons said, because prompt treatment usually means better results.

Common treatments in less

serious cases include wearing more supportive shoes, minimizing barefoot walking and taking anti-inflammatory drugs. Dr. Simons also suggests tying shoelaces as tightly as tolerable to help provide support.

The best way of staving off either of these injuries — and other strains, breaks and fractures — is by performing activities during the week that are similar to those involved in the weekend sports.

"If that's not possible," Dr. Simons said, "find some sort of stretching or strengthening exercise that comes close to the kind of forces the foot is going to be subjected to."

Doors of Perception,
Where Senses MingleBy Erica Goode
New York Times Service

NEW YORK — Most people, when not under the influence of hallucinogenic drugs, experience the sensory world as a place of orderly segregation.

Sight, sound, taste and touch live in different neighborhoods and commute on separate freeways. A Beethoven symphony is not pink and azure; the name Angela does not taste like creamed spinach.

Yet there are those for whom these basic rules of the sensorium do not seem to apply. They have a rare condition called synesthesia, in which the customary boundaries between the senses appear to break down, sight mingling with sound, or taste with touch.

Thus, the composer Olivier Messiaen, speaking of the union of color and tone in his music, explained to an interviewer: "When I hear music, I see inwardly, in the mind's eye, colors which move with the music. This is not imagination, nor is it a psychic phenomenon. It is an inward reality." A 21-year-old woman, participating in an ongoing synesthesia study at the National Institute of Mental Health, told researchers that when she ate buttered toast, "it is rough, but not pointy; and if it has jelly on it the rough texture is rounded." And Carol Steen, a New York artist who, like most synesthetes, has had synesthetic experiences from an early age and who uses her perceptions in her work, says she distinguishes different types of headaches by their colors. "If it's a sinus headache, it's green," Ms. Steen said.

Synesthesia received a flurry of attention from artists and psychologists at the turn of the century. But until relatively recently, modern science largely ignored it. Those who experienced synesthesia rarely complained. And the private nature of the perceptions made investigation difficult — there was no objective way to tell what was taking place.

In the past 10 years, however, the arrival of imaging techniques and other new technologies for studying the brain at work has revived interest in synesthesia, capturing the interest of a small core of researchers in a variety of countries and disciplines. PET scanners, electrophysiological recording, DNA analysis and other techniques are increasingly being used. In the current issue of *The Journal of Neuropsychiatry and Clinical Neuroscience*, for example, German researchers from the University of Hannover Medical School report electrophysiological findings from a group of synesthetic subjects.

An understanding of synesthesia as a perceptual anomaly, researchers hope, may eventually help elucidate normal perception, or even shed light on consciousness itself.

Meanwhile, much more remains unknown about the comingling of the senses than is

known. Even basic facts about synesthesia — its prevalence, for example — are still less than certain. One newspaper and magazine survey, however, by Dr. Simon Baron-Cohen, a psychologist, and his research group at Cambridge University in England, found that one out of 2,000 people reported synesthetic experiences.

Scientists offer differing theories of synesthesia's cause. Some argue that it represents an innate difference in neurophysiology, others that it is a result of associations learned at an early age.

Researchers also disagree about how exactly the condition should be defined, with some viewing it as a perceptual framework entirely distinct from normal perception, while others envision a continuum of synesthetic experience, with normal sensory perception at one end. Dr. Lawrence Marks, a psychologist at Yale University, for instance, has found that normal subjects show "implicit" associations that may be milder versions of the links found in synesthesia: Most people, for instance, associate brighter colors with higher-pitched sounds.

Also mysterious is why the extent and form of synesthetic perceptions differ so widely from person to person.

While the majority of synesthetes, who are about six times as likely to be female as male, find their unusual sensory abilities enjoyable, in some cases synesthesia can be disruptive. One woman, Dr. Baron-Cohen said, not only saw colors when she heard sounds, but heard sounds whenever she saw colors. "Her reaction was to try to control the environment and keep everything very low key," he said.

AMID all this uncertainty, a growing body of evidence supports the notion that whatever synesthesia is, it represents more than the clever use of metaphor by creative individuals. Hallucinogenic drugs, as well as some organic diseases, can produce synesthesia, suggesting a physiological basis. People who report synesthetic experiences demonstrate a remarkable consistency in their associations over time.

Synesthesia also appears to run in families, leading some researchers to believe it has a genetic basis. Certainly, many synesthetes report that a family member shared their ability. The writer Vladimir Nabokov, for example, wrote that as a young child, he informed his mother that the painted colors on his wooden alphabet blocks were "all wrong." She understood immediately, he recalled, because she, too, saw each letter in a distinctive hue.

For her part, Ms. Steen remembers a family visit 30 years ago, when she was in college. Sitting at the dinner table, she mentioned casually that the omeural "5" was yellow, but her father corrected her. "No, it's yellow-ocher," he said. Her mother and brother, Ms. Steen said, sat in silent perplexity.

A Human Form of 'Mad Deer' Disease?

By Sandra Blakeslee
New York Times Service

NEW YORK — As a 30-year-old deer hunter lies dying at his home near Salt Lake City, Utah, consumer advocates and government regulators are squabbling over a terrifying question that cannot be answered to anyone's satisfaction: Is it possible to contract a version of "mad cow" disease from eating deer or elk?

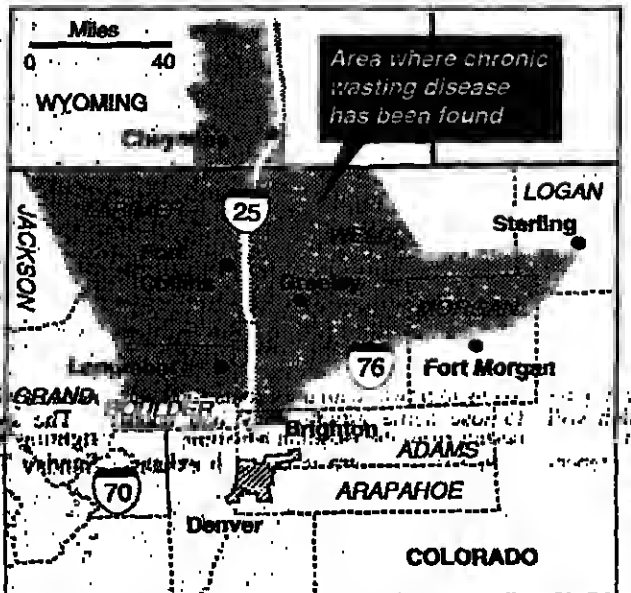
Mad cow disease appeared in British cattle in the mid-1980s and caused an epidemic that left the brains of infected animals spongy and riddled with gum-like strings. Eventually, the British government ordered the destruction of more than 4 million animals.

Nothing similar has turned up in American beef, although experts believe that one in a million cows will develop the disease spontaneously and animal feeding practices have been revised to reduce the chances of transmission.

But a similar disease has been seen in sheep and mink, and now people are worried about a version of mad cow disease that is endemic in deer and elk in parts of Colorado and Wyoming, raising the possibility that hunters who eat infected animals might similarly develop a human form of the deer and elk malady, called chronic wasting disease.

The cow, elk, deer and human diseases belong to a family of disorders called transmissible spongiform encephalopathies, or TSE.

The human form, Creutzfeldt-Jakob disease, occurs in three varieties. Most cases are



spontaneous and have no known cause. About 10 percent of cases run in families with inherited gene defects.

In all three varieties, the disease agent is believed to be not a virus or bacterium but a mysterious particle called a prion — a kind of renegade protein that transforms normal proteins into abnormal, indigestible substances that create spongy holes in the brain.

Prion diseases have been found in 85 species, passing easily between some animals and not others. When a prion "jumps" species, new TSE diseases are created that can be more, or less, virulent for reasons no one can explain.

This is the question raised by the deer hunter's case: Does he have a new variant of Creutzfeldt-Jakob disease contracted from deer and elk, and if so, what would it look

like? Health and wildlife officials are quick to point out that there is no proof that mad deer or elk disease has "jumped" to humans. At the same time, consumer advocates point to the dying hunter, Doug McEwen, whose illness is uncannily similar to that seen in the young victims of mad cow disease.

According to his wife, Mr. McEwen hunted in season, and often ate deer and elk that he bagged. But he never hunted in Colorado or Wyoming, where chronic wasting disease is found. So no one knows if he contracted his brain disease from animals or developed it spontaneously.

Creutzfeldt-Jakob disease strikes fewer than one in a billion people worldwide at Mr. McEwen's age, 30. Moreover, in his case, the disease moved with astounding

rapidity. Tests of his brain tissue by Dr. Pierluigi Gambetti, an expert on prion diseases at Case Western Reserve University in Cleveland, resulted in the diagnosis of sporadic Creutzfeldt-Jakob disease, meaning it has no known cause.

Dr. Lawrence Schonberger, a physician and epidemiologist who coordinates surveillance activities for Creutzfeldt-Jakob disease at the Centers for Disease Control and Prevention in Atlanta, said that there were no plans to carry out interspecies tests of Mr. McEwen's brain tissue because it was clear that he had a natural human form of the disease and because there was no increase of Creutzfeldt-Jakob disease where deer and elk hunting occurs.

Game farms are another story. The disease is found in captive deer and elk herds in three states — South Dakota, Nebraska and Oklahoma — and in the Canadian province of Saskatchewan, said Dr. Beth Williams, the leading U.S. expert on chronic wasting disease, at the University of Wyoming in Laramie. No one knows how it spreads.

But Mike Miller, a veter-

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The International Public Bidding Round, is to be held next August 15th, will derive in the signing of joint venture contracts for exploration and development in the areas previously nominated. Contracts will have a duration of forty years. Any interested company, whether it has nominated areas or not can participate in the bidding process.

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October 15: Signing of joint venture contracts (VMEH)

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IN BRIEF

Schizophrenia Is Linked
To Environmental Factors

BOSTON (Reuters) — Danish researchers have found evidence linking schizophrenia to the mental health of a patient's parent, the time of year of birth and the birthplace, the *New England Journal of Medicine* reported.

Doctors have known for years that schizophrenia, which affects about 1 percent of the population and causes hallucinations and delusions, is hereditary. But new evidence shows that environmental factors also play a role.

In the study of 1.75 million births, a team of researchers led by Preben Bo Mortensen of Aarhus University Hospital combined the birth registry data with information on 340,000 people with psychiatric problems. Their report was published Thursday.

The researchers found that the risk of developing schizophrenia was more than seven times higher if a person's mother, father or sibling suffered from the disease. It was more than double for a city dweller. In addition, the incidence was 1.1 times higher for those born in early June or early December. People born in early September had the lowest risk.

Time Between Babies:
Two Years Is Optimal

BOSTON (Reuters) — An interval of nearly two years between the birth of one child and the conception of another is

optimal for the health of the later baby, researchers have reported in the *New England Journal of Medicine*.

Researchers from the U.S. Centers for Disease Control and Prevention in Atlanta studied the births of 173,205 children in Utah between 1989 and 1996. According to the report published Thursday, they found that among babies conceived less than 18 months after the birth of a sibling, the risk of a premature or low-weight birth was 40 percent higher than that for babies after an 18- to 23-month delay.

The risks were even greater, however, among women who waited more than 23 months to conceive their next child. Babies born to those women were twice as likely to be underweight and 70 percent more likely to be born prematurely.

Urinary Infections Grow
Resistant to Antibiotics

CHICAGO (Reuters) — A growing list of antibiotics commonly prescribed to treat painful urinary tract infections in women have become ineffective as the pathogens become drug-resistant, according to a recent study.

Already, pathogens such as *E. coli* that cause bladder infections have become resistant to such antibiotics as ampicillin and cephalothin, Kal Gupta, a researcher at the University of Washington in Seattle, wrote in a study published Tuesday in the *Journal of the American Medical Association*.

Intensive use of antibiotics, particu-

larly by children, has created growing concern that bacterial infections will become immune to treatment with existing antibiotics, and that more powerful drugs will need to be developed.

In a four-year study of 4,000 women diagnosed with bladder infections, the researchers found that the proportion resistant to trimethoprim and trimethoprim-sulphamethoxazole, two commonly prescribed drugs to treat acute bladder infections, rose to 16 percent in 1996 from 8 percent in 1992.

Exercise for Brain Power

WASHINGTON (Reuters) — Two reports have added to the overwhelming body of evidence that exercise is crucial not only to staying alive, but also to bolstering brain power.

A review of studies for the American Heart Association that was published last Monday found that regular, moderate exercise keeps blood pressure down, lowers cholesterol and reduces the risk of blood clots that cause heart attacks.

A study published in the journal *Nature Neuroscience* showed that mice who engaged in regular exercise grew twice as many new brain cells as did mice who sat in their cages.

"Because we know now that human brains also make new cells," said Fred Gage of the Salk Institute in La Jolla, California, the neurologist who led the study, "it just might be that running or other vigorous exercise stimulates brain cell production in people as well."

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Global Crisis Defies Any Easy Fixes

But Proposals to Change System Are Multiplying

By David E. Sanger
New York Times Service

WASHINGTON — The International Monetary Fund is often described as the rapid-response team for global financial crises, monitoring the financial health of 182 nations and flying teams of economists off to ailing countries back to health before contagion spreads.

But don't try calling the doctors on a weekend. Four blocks from the Fund's headquarters, the White House Situation Room hums 24 hours a day. So do the State Department's Operations Center and the Treasury's lesser-known Warburg Office.

But 20 months into a worldwide financial crisis that churns around the clock, the IMF still closes down on nights and weekends.

That is worth remembering amid the grand political pronouncements about the need to build a "new global financial architecture." The rhetoric has its appeal: Most everyone agrees that the system for governing the world economy that emerged from a hotel ballroom in Bretton Woods, New Hampshire, a half-century ago — in the era of the gold standard and fixed exchange rates — is hopelessly outdated.

But there the agreement ends. Some say that what the world financial system needs is not a new design but better wiring, in the form of greater communication among investors, regulators, governments and international oversight agencies.

Over the last few months, a plethora of small-bore fixes have been proposed, everything from "exit taxes" to make investors think twice about bailing out of troubled markets to "early warning systems" to make them think twice about the stability of the countries where they invest.

Then there are grander designs — many, many of them. In the last two months alone, the World Bank, the IMF and the United Nations have all pub-

See IMF, Page 15



James Wolfensohn, World Bank president, left, and President Kim Dae Jung of South Korea at news conference.

Asians Scolded on Secret Policy-Making

By Don Kirk
International Herald Tribune

SEOUL — A top World Bank official, Joseph Stiglitz, suggested over the weekend that Asian nations had far to go in softening an authoritarian outlook that he said was responsible for plunging much of the region into economic chaos.

Mr. Stiglitz, senior vice president of the World Bank, delivered a broadside on the evils of secret policy-making and high-level collusion among ruling cronies to an audience made up largely of bureaucrats and scholars invited here for what amounted to a two-day crash course in economic recovery.

"A government that engages in secrecy," he said Saturday, "weakens accountability and the quality of decision-making." Similarly, he said, "a government that controls TV stations" or

"allows a small oligarchy to control the media also undermines accountability."

Mr. Stiglitz did not mention countries by name, but his remarks clearly were directed at some of the Asian nations that have been suffering the most since economic turmoil spread from Thailand in 1997 throughout much of the region. The inference was that Asian leaders have only begun to learn the lessons of the crisis — and risk forgetting what they have learned.

"Over the short term, a country may be able to engage in a meaningful national dialogue on its future evolution without free elections," Mr. Stiglitz said, "but in the long run the dissonance may become too great." The path to legitimacy for decision-makers, he said, lay in an "open electoral process."

The World Bank and the South Korean government joined in sponsoring the conference, at which bureaucrats

listened earnestly as economic and political experts offered what amounted to an intensive course in all that had gone wrong to create the Asian economic crisis and what was needed to correct it.

The themes of "corruption," "corporate governance" and "transparency" dominated much of the discussion, which reflected advice the region is now accustomed to getting from the International Monetary Fund, the World Bank and other agencies.

President Kim Dae Jung, by delivering a major address on the opening day, when he sat next to the World Bank president, James Wolfensohn, sought to convey the impression that he was among the most enthusiastic of Asian leaders about the prescriptions and cures offered by the experts.

"I propose each of us become an

See SEOUL, Page 15

Olivetti Gets Go-Ahead To Make Telecom Offer

By John Tagliabue
New York Times Service

ROME — A \$60 billion bid by the second-largest Italian phone company, Olivetti SpA, for Telecom Italia SpA has been given a green light, with Italian stock-market regulators ruling it legally admissible.

The ruling came Saturday, two days after Telecom Italia's chairman, Franco Bernabè, won boardroom backing for what is expected to be a long and bitter corporate battle, something unfamiliar in the Italian business world and reminiscent of big American hostile buy-outs of the 1980s.

Olivetti's assault on Telecom is the first test case under Italian takeover legislation enacted last summer that weakened the defenses that companies here traditionally had used to fend off aggressive raiders. As a result, many say that Olivetti's move clears the path for future corporate predators.

The hostile bid, the largest ever in European business, has split the center-left government of Prime Minister Massimo D'Alema, a former Communist. The Italian state holds a 3.4 percent stake in Telecom. The Italian Treasury, which formally controls the shares, argues for centrality, but other ministers have said the government must make sure that a key national asset such as Telecom, the former state phone monopoly, does not fall into foreign hands.

Last Monday, Olivetti's original bid — in cash, stock and bonds — met a setback when the market regulator, Consob, ruled that it had failed to meet requirements set by Italian takeover law.

Olivetti officials worked feverishly to reconfigure the bid. Saturday, the regulators ruled that Olivetti's revision was "such as to furnish the market the information necessary for the bid," which could now go ahead sometime in April.

Spokesmen for both companies declined to comment.

For Olivetti, the ruling means that it will now have to submit a formal prospectus, which it expects to do in about a month.

For Telecom, the ruling imposes narrower room for maneuvering against Olivetti, which is only one-fifth the size of its target, Telecom.

At a meeting Thursday, Telecom's board dismissed Olivetti's reconfigured

Europe Faces A Telephone Free-for-All

By Edmund L. Andrews
New York Times Service

FRANKFURT — Europe's big national telephone companies got a warning last week: the first attempted hostile takeover against one of their own.

It will probably be some time before anyone knows whether the bid by Olivetti SpA for Telecom Italia SpA will succeed.

But the attempt itself highlights the fact that the European telecommunications industry is engaged in a turbulent free-for-all.

Investors have racked up some stunning returns, and once-lumbering telephone companies are trading at dizzying heights.

Faced with a crush of new competitors after decades as protected monopolies, many companies are losing market share and slashing prices. And Olivetti's bid will almost certainly put even more heat on Europe's former monopoly carriers to cut their costs, streamline their strategies and explain themselves better to investors. The move could also spur additional merger

See TELECOMS, Page 13

Duty-Free Gets New Shot at Survival

By Barry James
International Herald Tribune

BRUSSELS — Like Dracula, duty-free sales keep coming back from the tomb to haunt the European Union.

The European Commission — which dislikes these sales aboard ferry boats and at airports — thought it had found the wooden stake in 1991, when EU member governments voted unanimously to abolish duty-free transactions.

But on Friday, EU heads of state and government indicated they were willing to go back on that earlier decision. They left it up to finance ministers to decide on March 15.

If duty-free gets a reprieve, it would be a serious rebuff to the commission, the EU's executive body, which has long argued that such sales are an anomaly in a single market and an obstacle to tax harmonization.

Americans cannot buy tax-free liquor on a flight between Chicago and New York, so why, the commission argues, should Europeans have such a privilege when flying from Berlin to Paris?

Pressure for a rollback comes mainly from Britain, which is characterized by its hordes of travelers lugging bags of clanging bottles and cases of beer. The reason: Britain has taxes on liquor and tobacco that are among the highest in the European Union. Alcohol and tobacco are cheaper in duty-free stores than in British liquor stores, but they are more expensive than in Continental Europe.

Britons can make bigger savings by getting off the ferry in Calais and buying their drinks and cigarettes in France, even with French taxes included.

Duty-free shopping was supposed to have come to an end in 1992. Instead, governments allowed a reprieve until June 1 this year to give the businesses

time to adapt. But the industry used the time not to phase out the business but to build it up, from 3.6 billion euros (\$4.19 billion) in sales in 1991 to more than 6 billion euros now. Generously financed by the tobacco industry, the International Duty Free Federation has mounted a powerful lobby to persuade governments that ending the business would cost up to 140,000 jobs.

Americans cannot buy tax-free liquor on a flight from Chicago to New York, so why, the European Commission argues, should Europeans have such a privilege when flying from Berlin to Paris?

The commission says the estimate is vastly overstated. It says that by allowing duty-free taxes, governments lose about 2 billion euros in revenues, which if applied to job-creation projects could actually increase employment. And it says that EU structural funds are available to help any regions or towns affected by the cut off.

In a document prepared for the Bonn summit meeting of the EU last week, the commission virtually accused the duty-free system of being a con that benefits the industry a lot, and travelers little.

"The tax exemption enjoyed by duty-free shops enables them to apply higher mark-ups than is otherwise practiced by the retail sector," the commission said.

"Various price comparison surveys show that, to the traveling consumer, the price advantage is often relatively

small or even nonexistent," it added. It said the tax exemption "in fact subsidizes profits of duty-free firms more than it subsidizes the demand for the products they sell."

The companies also perpetuate the myth that everything they sell is duty-free, while full taxes apply to any product costing more than 90 euros.

The commission also asked why the EU should promote the sale of "sin" products — which account for half of duty-free sales — when it is trying to reduce alcohol and tobacco abuse for health reasons. The sales also distort competition between modes of transport, since duty-free products are not available on international train services or at land borders.

The commission says that the duty-free stores, which are in attractive locations with a captive market, have advantages over ordinary stores irrespective of the duty-free element. If this were not the case, it argued, why are European companies among the biggest investors in American airport shopping malls where domestic duty-free sales are not allowed?

Duty-free is a big populist issue in Britain, and Prime Minister Tony Blair has enlisted the support of his counterparts in France and Germany to keep the trade going a little longer. Denmark remains adamantly opposed to a further reprieve, and other countries are wavering, leaving the issue unresolved until the finance ministers' meeting.

Chancellor Gerhard Schröder of Germany, who was serving as chairman of the summit meeting in Bonn, proposed the extension, which would require unanimous approval from all 15 EU governments in order to go into effect.

"It is sensible," Mr. Blair told The Associated Press, "to have some form of extension so we can put in place a proper and sensible successor regime."

CURRENCY RATES

Feb. 26									
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London (a)	1.602	—	2.3214	190.08	2.4183	10.8496	469.55	13.1556	
New York (b)	—	1.6038	1.447	119.05	1.5078	6.7528	291.80	8.1485	
Tokyo	119.55	191.58	82.95	—	79.07	17.74	N.Q.	14.68	
Toronto	1.5107	2.4212	1.045	1.2684	—	0.2239	0.5174	0.105	
Zurich	1.483	2.3215	—	1.2219	0.9502	21.4141	0.4948	0.1769	
One euro	1.1018	0.6873	1.589	131.23	1.6684	7.4344	321.95	9.0025	
One SDR	1.3644	0.8514	1.9554	165.36	2.0544	9.1915	398.80	11.0788	
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Euro Values									
Fixed rates of the EMU member countries for one euro:									
Austrian schilling	13.7603	—	—	—	—	—	—	—	—
Belgian franc	40.3399	—	—	—	—	—	—	—	—
French franc	6.55957	—	—	—	—	—	—	—	—
German mark	1.93627	—	—	—	—	—	—	—	—
Irish punt	7.87564	—	—	—	—	—	—	—	—
Italian lire	2,036.27	—	—	—	—	—	—	—	—
Netherlands guilder	2.20371	—	—	—	—	—	—	—	—
Portuguese escudo	200.482	—	—	—	—	—	—	—	—
Spanish peseta	166.386	—	—	—	—	—	—	—	—

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CAPITAL MARKETS ON MONDAY

Tumbling U.S. Treasuries Lure Bargain-Hunters

Bloomberg News
NEW YORK — The worst month for Treasury securities in 19 years has only whetted the appetite of some investors. "It's often the case that the days that feel the worst are the best days to buy," said Richard Schwartz, a manager at New York Life Asset Management who bought Treasuries late Thursday, after three days of losses drove 30-year yields to a six-month high. He predicts that bonds will rebound in the months ahead as inflation stays tame.

The yield on the benchmark 30-year Treasury rose to 5.57 percent on Friday from 5.38 percent a week earlier as Treasuries maturing in two to 30 years posted the biggest monthly price losses since February 1980, according to an index compiled by Ryan Labe into, a research firm. At the time, the rate of inflation was above 14 percent and the Federal Reserve, under Paul Volcker, was jacking up interest rates.

This time, bonds tumbled as reports

on everything from housing to help-wanted ads indicated the economic slowdown analysts have been predicting for months is not about to appear. The economy's strength snuffed hopes for

U.S. CREDIT MARKETS

another Fed rate cut, and prompted concern the central bank may boost rates. The Federal Reserve Board chairman, Alan Greenspan, added to the bond market's woes when, in semiannual testimony to Congress last week, he said the central bank has to evaluate whether its three interest-rate cuts last year remain "appropriate" now that stability has returned to world financial markets.

On Wednesday, the Treasury met with the weakest demand in 16 years at an auction of two-year notes. On Friday, trading in both the cash and futures markets was the busiest this year.

With the recent declines, the market value of the Treasury's current bench-

mark notes and bonds has fallen \$1 billion from the prices at which they were sold earlier this month. The securities they replaced as benchmarks lost \$2 billion in February.

Bond yields are now at levels not seen since before Russia's August debt default until financial markets and seat investors rushing to Treasury securities as a refuge. U.S. 30-year yields have climbed almost 0.90 percentage point from a 31-year low of 4.69 percent reached Oct. 5.

Some investors couldn't resist. David Kotok, a partner at Cumberland Advisors, an asset-management firm in Visceland, New Jersey, used the rally as an opportunity to buy zero-coupon Treasuries maturing in 18 to 20 years Thursday.

"It's a remarkable time to be a buyer of bonds," Mr. Kotok said. Zeros — which sell at a discount to face value and pay no interest until maturity — are a bullish bet, because their price is very sensitive to changes in interest rates.

His buying now because inflation is almost non-existent, meaning bonds will hold more of their value. He predicts inflation will stay low as the economy slows, and expects yields to fall a percentage point before the end of the year.

A full point drop would mean fat returns for investors who buy bonds now. A decline in 30-year yields to 4.65 percent by the end of 1999 would translate into returns of more than 20 percent for investors who bought the bonds at the Thursday lows, according to Bloomberg analysts.

Other investors, just as optimistic as Mr. Kotok, are not quite ready to take the plunge.

"We very much are going to use this time to buy — the question is when and at what level," said Don Ross, chief investment officer at National City Asset Management in Cleveland. "You have to buy when there's blood in the streets. If this isn't blood, I don't know what it is."

Dollar Expected to Advance On Continued U.S. Strength

Bloomberg News
NEW YORK — The dollar could recover some of the ground it lost last week against the yen and advance further against the euro as evidence of continued strength in the U.S. economy is expected to be reported this week, analysts said.

Analysts predicted that the U.S. employment report for February, to be released Friday, would confirm that the economy is still humming. The unemployment rate is expected to be unchanged from January at a 28-year low of 4.3 percent, and some 240,000 workers are forecast to be added to the work force.

"The U.S. economy is going along great, and the dollar is still one of the better places to be," said David Durrant, a currency strategist at Bank Ju-

lius Baer. He predicted that the dollar would trade higher than 120 yen this week. Last week, the dollar ended at 119.55 yen, down slightly from 119.85 yen a week earlier.

In other trading, the euro was lower against the dollar at \$1.1018, compared with \$1.1163 a week earlier.

The U.S. Commerce Department reported Friday that the economy grew at a faster-than-expected annual rate of 6.1 percent in the fourth quarter, up from a preliminary estimate of 5.6 percent. Even though U.S. inflation remains tame, some analysts expect an increase in U.S. interest rates, which would help the dollar.

With the U.S. economy so strong, "if you're an investor, that's where you're going to put your money," said Jack Griffin of Westpac Banking Corp.

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending Feb. 26. Prices supplied by Telekurs.

Rnk Name Cpn Maturity Price Crd Yd

Australian Dollar

218 Fannie Mae 6% 08/15/07 104.0000 6.1300

Belgian Franc

153 Belgium 6% 11/21/04 115.4 5.8300

British Pound

95 Fannie Mae 6% 08/15/07 105.2500 6.5300

Danish Krone

25 Denmark 6% 11/15/09 114.2100 5.2500

Deutsche Mark

174 Credit Foncier 7% 02/24/03 111.8000 4.4800

Euro

1 Germany 5% 01/04/08 111.2423 4.7200

Rnk Name Cpn Maturity Price Crd Yd

Japanese Yen

101 Segi Enter 2% 02/21/03 97.5000 6.6200

Norwegian Krona

234 Norway 5% 05/15/09 105.7500 5.2000

Swedish Krona

113 Sweden 1% 06/15/01 121.1650 10.7300

U.S. Dollar

13 Brazil FRN 6% 01/01/01 40.7292 14.8800

Rnk Name Cpn Maturity Price Crd Yd

Japanese Yen

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Is U.S. Now in a 'Deflationary Boom'?

By Edward Wyatt
New York Times Service

NEW YORK — The Federal Reserve Board is worried about unleashing inflation. But makers of semiconductors and computers are in bitter pricing battles. U.S. unemployment is at historically low levels. But companies are aggressively seeking mergers so they can dismiss workers and keep costs low.

The economy is growing more quickly than anyone expected. But Wall Street is worried that corporate profits are not rising fast enough to justify current stock prices.

These peculiar relationships between the financial markets and the economy

The peculiar relationships between the financial markets and the economy can be summed up by the Hopi Indian word *koyaanisqatsi*, meaning 'life out of balance.'

— and bond yields, which move in the opposite direction from bond prices, rose to their highest level in six months, with the yield on the benchmark 30-year Treasury bond ending the week at 5.57 percent.

Higher yields, in turn, are bad for stock prices, because investment managers who have been paying 70 times earnings for shares of a fast-growing technology company are more likely to weigh that relatively high valuation against the low, lower price — and lower risk — of bonds.

John Kim, chief investment officer at Aetna Investment Management, a subsidiary of Aetna Inc.'s Retirement Services unit, said: "If we get a couple more strong economic indicators coming out in the next few weeks, we could see long-term rates up close to 6 percent. That could cause real problems for the equity market, because that could cause asset allocators to edge out of equities and into bonds."

The equity market is probably not on the verge of collapse, but after a strong run in the first two months of the year, stock prices are stuck or declining. "The

price/earnings multiples that investors are willing to pay for fast-growing technology companies are falling.

And until the Federal Reserve makes clear its intentions on interest rates, investment managers are likely to be more choosy about where they advocate putting people's retirement money.

Individual investors should take a similar look at their portfolios, which after the big run in equities over the past four years may be out of balance, too heavily tilted toward stocks.

A bigger portion of the financial assets of U.S. households is invested in stocks than at any other time since the end of World War II, according to Federal Reserve statistics.

The Investment Company Institute, a mutual-fund trade group, reported last week that the portion of mutual-fund assets invested in bond funds fell below 15 percent last month.

That is a record low — roughly one-third below the level of four years ago, just after the bond-market rout of 1994 and just before the stock market began its upward march.

Vanguard Asset Allocation, which in the past five years has been one of the most successful mutual funds at divvying up money among its \$7 billion in bonds, with the rest in stocks, said Thomas Loeb, the fund's co-manager. "Mr. Paulsen said that now might be a time to get on the side of caution."

"I'm very much a bond bull," he said. "My stance is to be much more diversified this year."

"And with bond yields at the high end of their recent range, bonds offer a good value again."

INVESTING

can be summed up using the Hopi Indian word *koyaanisqatsi*, which means, roughly, 'life out of balance.'

"I believe the way the economy is being driven now is 180 degrees opposite from how it was driven for more than 40 years after the end of World War II," said James Paulsen, chief investment officer at Wells Capital Management in Minneapolis.

"We are used to having excess demand and a shortage of goods, so whoever we had faster growth, we got rising inflation. Now, it's falling prices that are stimulating the economy. I call it a deflationary boom."

Last week, bond traders seemed to be following their instincts and the familiar rules. Signs that the economy was growing faster than expected led to fears of a revival of inflation. Traders sold bonds

New International Bond Issues

Compiled by Paul Floren

Issuer Amount (millions) Maturity Coup. % Price Price end week Terms

Floating Rate Notes

Barclays Bank \$300 2009 0.45 99.904 - Over 3-month Libor. Noncallable. Fees 0.35% (Barclays Capital).

CAM Global Finance EUR250 2004 1/8 99.847 - Over 3-month Euribor. Noncallable. Fees 0.15% (ABN Amro).

Deutsche Apotheken und Drogerien AG \$300 2004 0.15 99.973 - Over 3-month Libor. Noncallable. Fees 0.15% (ABN Amro).

FCC National Bank \$200 2004 0.10 99.82 - Over 3-month Libor. Callable at par in 2002. Fees 0.15% (Merrill Lynch).

GlaxoSmithKline \$100 2004 0.20 99.75 - Over 3-month Libor. Reaffirmed at 99.65. Noncallable. Fees 0.20% (Chase Manhattan Int'l).

SGZ Bank \$250 2004 1/8 99.845 - Over 3-month Libor. Noncallable. Fees 0.15% (Deutsche Bank).

Canadian Imperial Bank of Commerce EUR300 2000 Euribor99.985 - Interest will be 3-month Euribor. Noncallable. Fungible with outstanding issue raising total to \$750 million. Fees 0.15% (Tokai-Mitsubishi).

Credit Local de France EUR1,000 2001 0.06 100 - Over Bank. Noncallable. Fees 0.05% (Dresdner Bank AG).

Cofinoga EUR300 2006 1/4 99.81 - Over 3-month Libor. Noncallable. Fees 0.30% (Lehman Brothers).

National Australia Bank EUR200 2001 Euribor99.978 - Interest will be 3-month Euribor. Noncallable. Fees 0.20% (GlaxoSmithKline).

Westpac Banking Corp. EUR500 2004 0.117 99.742 - Over 3-month Euribor. Noncallable. Fees 0.15% (Paribas).

Fixed-Coupons

Abbey National \$150 perp 7.10 100 - Callable at par in 2004. Fees 2% (Goldman Sachs).

Bear, Stearns Companies \$750 2004 6.15 99.809 - Noncallable. Fees 0.35% (Bear Stearns).

Credit Local de France \$100 2009 8 101 1/2 - Callable at par in 2000. Thereafter coupon pays 6%. Fees 1 1/4% (Worgan Stanley Dean Witter).

DSL Bank \$250 2004 5 1/8 98.159 - Noncallable. Fungible with outstanding issue raising total to \$750 million. Fees not disclosed. (Nomura Int'l).

Federal Home Loan Bank \$3,000 2002 5 1/8 99.835 - Noncallable. Fees 0.75% (Salomon Smith Barney).

Israel Electric \$500 2008 7 3/4 99.897 - Noncallable. Fees 0.65% (Salomon Smith Barney).

LB Baden Wuertemberg \$100 2009 8 1/4 101.65 - Reaffirmed at 99.90. Callable at par in 2000. Thereafter coupon pays 6%. Fees 2% (Barclays).

DKB \$150 2000 zero 95.209 - Yield 5.022%. Noncallable. Fees 0.05% (Nomura).

Starall \$375 2009 5 3/4 98.675 - Noncallable. Fees 0.35% (Worgan Stanley Dean Witter).

World Bank \$1,000 2002 5 1/4 100.8905 - Reaffirmed at 99.903. Noncallable. Fees 1 1/4% (ABN Amro).

BNL Int'l EUR500 2004 3/4 99.695 - Noncallable. Fees 0.15% (Worgan Stanley Dean Witter).

Credit Local de France EUR500 2004 3 1/4 100.59 - Reaffirmed at 99.99. Noncallable. Fees 0.25% (Commerzbank).

Croatia EUR300 2006 7 1/4 99.61 - Noncallable. Fees 0.75% (Credit Suisse First Boston).

DaimlerChrysler North America EUR600 2004 3 1/2 101.384 - Reaffirmed at 99.634. Noncallable. Fees 2% (ABN Amro).

De Nationale Investeringssbank EUR250 2004 3 1/4 101.265 - Reaffirmed at 99.665. Noncallable. Fees 1 1/4% (ING).

Morgan Guaranty Trust EUR500 2009 4 1/8 99.857 - Noncallable. Fees 0.375% (J.P. Morgan).

Sodexoh Alliance EUR300 2009 4 1/8 100.46 - Reaffirmed at 99.14. Noncallable. Fees 1.70% (Banque Paribas).

Travelers Insurance Co. EUR300 2009 4 1/8 99.818 - Noncallable. Fees 0.35% (Salomon Smith Barney).

Turkey EUR500 2004 9 1/2 101.34 - Reaffirmed at 99.50. Noncallable. Fees 2 1/4% (Deutsche Bank).

UBS EUR150 2006 3 1/8 98.50 - Noncallable. Fungible with outstanding issue raising total to \$450 million. Fees 0.30% (Worgan Stanley Dean Witter).

Scottish & Southern Energy £250 2002 5 1/8 99.092 - Noncallable. Fees 0.625% (Merrill Lynch).

Last Week's Markets

Stock Indexes

Feb. 24 Feb. 12 % Chg

DJ Index 9,204.38 9,239.17 +0.38

S&P 500 1,293.87 1,295.58 +0.13

NASDAQ 2,912.42 2,915.58 +0.11

FTSE 100 6,116.42 6,120.25 +0.62

DAX 3,588.10 3,592.55 +0.12

Nikkei 14,886.10 14,925.55 +0.26

HSE 2,288.04 2,292.55 +0.19

Hang Seng 14,367.54 14,406.04 +0.27

FTSE 100 6,175.10 6,031.20 +2.29

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Euromarkets

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The Week Ahead: World Economic Calendar, March 1-5

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg News

Asia-Pacific

Hong Kong: The Hong Kong Information Infrastructure Expo & Conference.

Tokyo: World Bank's Global Finance and Development Symposium. Monday and Tuesday.

Sydney: Financial aggregates data for January and index of commodity prices for February.

Sydney: Consumer price trends for February.

Sydney: Balance of payments for December quarter and retail and building approval data for January.

Taipei: Index of leading economic indicators for January.

Jakarta: Bank Indonesia to announce result of weekly bill auction.

Sydney: National income, expenditure and product for fourth quarter of 1998.

Melbourne: Crown Ltd.'s shareholders meet to vote on Publishing & Broadcasting Ltd.'s takeover of Crown.

Sydney: Average weekly earnings for November.

Wellington: Tourism and migration data for January; government to issue its financial statements for the seven months ended Jan. 31.

Vienna: Wholesale price data for February.

Bern: Unemployment data for February.

London: Bank of England is expected to make an announcement on the benchmark British interest rate.

Wiesbaden: Germany: GDP growth for fourth quarter end all of 1998.

Europe

London: Chartered Institute of Purchasing & Supply to issue monthly Purchasing Managers' survey. Monday and Tuesday.

London: Agrifood Conference 1999 — The Euro in Progress. Thursday.

Brussels: Flanders unemployment data for February.

London: M0 money supply for February and M4 money supply data for January.

Rome: Gross domestic product and budget deficit for 1998.

Brussels: Consumer price data for January for 11-nation single-currency zone and all 15 members of the European Union.

Stockholm: Consumer confidence data for February.

London: Producer price data for January.

London: Bank of England is expected to make an announcement on the benchmark British interest rate.

Wiesbaden: Germany: GDP growth for fourth quarter end all of 1998.

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London: Bank of England is expected to make an announcement on the benchmark British interest rate.

Wiesbaden: Germany: GDP growth for fourth quarter end all

German Unions Accept Wage Offer

Deal Affecting 3.2 Million Public Workers Comes After Warning Strikes

STUTTGART — Unions representing 3.2 million German public-sector workers have accepted a proposed 3.1 percent salary increase, less than they had requested but still far above inflation.

Under the agreement, reached Saturday, workers would also get a one-time payment of 300 Deutsche marks (\$169). The deal came in a third round of negotiations with the federal, state and communal governments and followed a series of warning strikes that brought public transportation and garbage collection to a standstill in many areas.

The OeTV and DAG unions had initially called for a wage increase of 5.5 percent, but the agreed-upon increase is the highest since 1995.

"This offer guarantees a real rise in income for public employees," said Herbert Mai, OeTV's chairman. "We haven't lost touch with private-sector wage increases."

Last month, the powerful IG Metall union secured a 4.2 percent increase for its members in the state of Baden-Wuerttemberg. Wage agreements in the key metalworking sector usually set the tone for other industries in Germany.

The warning strikes by about 100,000 public-sector workers last

week also interrupted hospital services and office work. The strikes affected hundreds of thousands of commuters nationwide.

Some economists warned that the size of the pay increases won by German workers could endanger growth and threaten employment. "They will likely endanger up to 100,000 jobs this year," said Gerhard Grebe, an economist at Bank Julius Baer.

The government, which forecasts average wage increases of up to 3 percent this year, has warned that if wages grow above that rate, fewer jobs will be created to fight unemployment.

"If expenses rise in one area, the government will have to cut spending elsewhere, and that could also mean jobs," Interior Minister Otto Schily said. "This wage increase will cost the government an extra 6 billion marks in 1999," he said.

German chemical-industry workers are also seeking wage increases of 5.5 percent. About 475,000 banking workers said they were fighting for as much as 6.5 percent more pay, while the country's 220,000 insurance workers are seeking raises of at least 4 percent.

Lufthansa AG, Europe's second-largest carrier, said it would raise the pay of its 51,000 ground and cabin staff by 3.5 percent. The offer, though ac-

cepted, fell short of the 7.5 percent the workers sought.

Public employees received raises of 1.5 percent in 1998 and 1.3 percent in 1997. Average consumer inflation in 1998 was 1 percent and the government expects another 1 percent rise on average in consumer prices this year.

OeTV has 1.8 million members and is the country's second-largest union. DAG has 489,000 members and also represents white-collar workers.

(AFP, Bloomberg)

Extended Deflation Predicted

An influential economic research institute says Germany is heading into an extended period of deflation and climbing unemployment that a cut in interest rates by the European Central Bank cannot prevent, Bloomberg News reported from Berlin.

While lower interest rates would not prevent Europe's largest economy from sliding into a deflationary phase, a cut at the present time would be "appropriate," said Lutz Hoffmann, president of the DIW institute, in an interview with the newspaper Welt am Sonntag.

"Germany is now entering a very difficult situation," he said. "Growth is clearly dwindling and is combining with deflation. In the end, unemployment will climb."

China's Slowdown Worries Investors

By Jonathan Fierbringer
New York Times Service

NEW YORK — Last summer, when the dollar surged to more than 140 yen, investors were worried that the weak yen would force the Chinese to devalue their currency, the yuan.

If they did so, analysts said at the time, that would send the Asian economies into yet another downward spiral.

Well, China did not devalue. The yen did an about-face, rebounding 29 percent in two months. And when Brazil devalued its currency in January, China moved to quash any new investor tremors by reassuring the world, again, that it would not follow suit.

But this does not mean that investors can take China off their early-warning screen. In fact, there may be more reasons to be worried about China — and its potential impact on global financial markets — now than there were last summer.

The news from China is not positive at all, even if it is not making waves. The economy is slowing, analysts say, pointing to indicators such as slow growth in electricity consumption, falling exports and declining growth in retail sales.

Analysts don't believe China's report that its economy grew 7.8 percent last year. "That is not even close," said Nicholas Lardy, a China economic specialist and senior fellow at the Brookings Institution in Washington.

At the same time, foreign investment in the form of loans, bonds and stock

sales seems to be declining, with much of the decrease following the closing in October of a big nonbank financial institution, Guangdong International Trust & Investment Corp., or GITIC.

It has since formally gone bankrupt, and other trust and investment companies have also rolled over. More failures are expected.

The way China handled the collapse of GITIC "is going to have long-term consequences," Mr. Lardy said, adding that "the environment has never been worse for China in the raising of capital in foreign markets." He said he believed foreign bank loans were down sharply from their \$59 billion total in June 1998, the most recent data from the Bank for International Settlements.

The last few attempts at public stock offerings, including that of Shandong International Power Development, have been withdrawn. David Lee, the analyst for Asia at Fidelity Trust International, a New York-based global fund manager and longtime investor in Hong Kong and China, said underwriters had invited him to a presentation on Shandong, but he didn't bother to attend.

"It wasn't worth our time to look into that deal," he said.

The bad news has not been enough to set investors trembling again.

But the recent fall in the yen may

resurrect concerns, even if the decline is not likely to be the catalyst for a devaluation.

In the past two months the yen has dropped about 10 percent against the dollar. The U.S. currency is not yet near its level of last summer. But it could get there if Japan takes the steps that American officials are urging to stimulate its economy.

"If you get the yen weakening, China is going to come back into the picture," said Desmond Lachman, director of emerging-markets economic research at Salomon Smith Barney.

A weaker yen would make Chinese exports less competitive with those of Japan. But today, analysts do not think that such a competitive disadvantage would be painful enough to prompt a Chinese devaluation.

Instead, they think the catalyst would be a deterioration in China's balance of payments. Mr. Lardy argues that this deterioration could already be under way because of the loss of foreign credit and the slowdown in the Chinese economy.

There are no data to prove that — yet. But Mr. Lardy told a group of money managers recently, "I think they're going to be looking at devaluation much sooner than you'd expect, if there is a significant reduction in their ability to borrow from banks or to sell debt internationally."

It is worth noting that the governor of China's central bank, Dai Xianglong, did not rule out a currency devaluation when he sought to reassure investors and the rest of the world in January. The yuan, he said, will be devalued only "when there is a great imbalance in the balance of payments of China and there is a great increase in the cost of exports."

SHORT COVER

Siemens to Buy Argon Networks

MUNICH (Bloomberg) — Siemens AG, a maker of products ranging from locomotives to telecommunications networks, has agreed to buy Massachusetts-based Argon Networks Inc. for about \$240 million to expand its data-networking business in the United States, people familiar with the transaction said.

Lord Home to Head Coutts & Co.

LONDON (Bloomberg) — Coutts & Co., the 307-year-old private banking unit of National Westminster Group PLC, appointed the Earl of Home, the current chairman of Deutsche Morgan Grenfell Group PLC, as its new chairman.

Lord Home, 55, for 32 years has been an investment banker at Morgan Grenfell, which is now owned by Deutsche Bank AG. He will succeed Sir Ewen Ferguson, 66, who is retiring, effective June 1.

China to Reduce Internet Rates

BEIJING (Reuters) — The Ministry of Information Industry announced Sunday it would cut telephone and Internet charges while raising postage rates, Xinhua news agency reported.

Effective Monday, charges for using the Internet will fall by about 50 percent, and international telephone fees will be cut as much as 18 percent, the agency said.

EU to Rule on Zeneca Astra Deal

BRUSSELS (Bloomberg) — Zeneca Group PLC, Britain's third-biggest drugmaker, is expected to get European Union clearance Monday for its agreed purchase of Astra AB, Sweden's largest drug company, for about \$35 billion in stock.

Karel van Miert, the EU's top antitrust official, said the companies offered concessions that "should be good enough" to secure competition regulators' approval for the transaction.

Singapore's Factory Output Rises

SINGAPORE (AFP) — Manufacturing output rose 10 percent in January from a year earlier, with the electronics sector leading the increase, the government said Sunday.

TELECOMS: A Free-for-All

Continued from Page 11

bids. Most of that should be good news for a range of telecommunications companies: Investors will have to weigh those prospects against the sharp run-ups such stocks have already posted.

France Telecom SA, for example, went public in 1997 at the equivalent of 28.50 euros and closed Friday at 85.25 euros (\$90.68).

"I have been amazed that the stock has continued to go up and up," said Loretta Morris, a portfolio manager at Nicholas Applegate Capital Management who bought shares at the initial offering.

Much the same momentum is true for shares of new competitors. The stock of Colt Telecommunications of Britain, which runs high-speed fiber-optic networks around Europe, has climbed 275 percent to £11.58 (\$18.56) over the past 12 months.

Mobilcom AG of Germany, a fast-growing reseller of long-distance service, has jumped nearly fivefold over that period, to 316 euros a share.

Consider Deutsche Telekom AG, Europe's biggest telephone company and the one most wounded by new competition. It has lost 30 percent of its long-distance market since Jan. 1, 1998, when the European Union ordered member countries to open their phone markets to rivals. After being caught flat-footed, it has cut many long-distance prices as much as 70 percent.

But Deutsche Telekom's stock has surged nearly 50 percent since the beginning of January and, at 41.80 euros a share, is near its record high. The shares have already passed target prices set by both Merrill Lynch & Co. and Goldman Sachs & Co.

Chris McPadden, European telecommunications analyst at Merrill Lynch, said there were good reasons for Telekom's rebirth. The most important is that German regulators have become more sympathetic to the company. In February, the government ruled that rivals must pay higher fees to connect with Telekom's local phone network. That makes it more expensive for rivals to compete in the local market.

The company slashed its long-distance prices by between 35 percent and 62 percent and said it would make more cuts in March and April. The moves reassured investors that the company was regaining control.

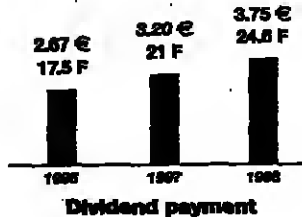
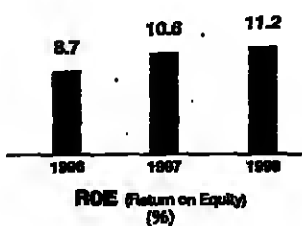
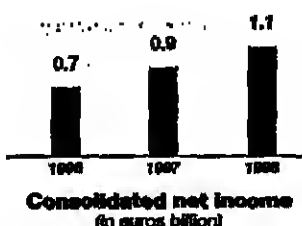
Among Germany's new competitors, Mannesmann AG remains one of the most intriguing. Formerly a conglomerate known for its machinery and pipes, it has largely reformed itself into a telecommunications company. Its shares closed at 122.70 euros Friday, 73 times analysts' estimates for its 1998 earnings.

But Mannesmann's most tantalizing prospects are now linked to the Italian takeover battle. Under Olivetti's takeover plan, Mannesmann would pay \$8.5 billion for Olivetti's stake in Omnitel Pronto Italia SpA, Italy's second-largest cellular operator, and Infostrada SpA, the country's biggest fixed-line competitor to Telecom Italia.

Olivetti would then use the money to help finance its takeover. If that happened, Mannesmann would arguably be Europe's foremost competitor to traditional telephone companies.

SOCIÉTÉ GÉNÉRALE GROUP 1998 results : 135th profitable year

Net income of EUR 1.1 billion (FRF 7 billion), up 15.2%



Growth in activity

Gross operating income totalled EUR 2.4 billion, an increase of 12.5% compared with 1997.

Retail Bankings results and profitability grew strongly (ROE of 15%). In France, the Société Générale and Crédit du Nord networks continued implementing their active policy of developing their franchise, with 5 million individual customers, (+3% per year). Their share of the total market for deposits is 8.6%, a figure which is rising steadily. The Group has a strong presence outside France, with 1.3 million individual accounts held in 18 banks, following the recent acquisitions of Westpac in New Caledonia and the Romanian Development Bank.

Asset Management and Private Bankings net income rose by 40%, due to a strong growth in activity. Total assets under management have doubled over the last two years (EUR 150 billion at year-end 1998, of which EUR 26 billion in private banking), partly due to selective acquisitions (Yamachi, Hambros).

Commercial and Investment Banking: within the Investment Banking division, the Equity and Advisory business line produced a remarkable performance, notably in Equity Derivatives, where the Group is a world leader. However, fixed income activities were affected by the financial crisis and Russian risk. The financing business recorded a strong performance in structured finance (project finance and leverage finance). In contrast, plain-vanilla commercial banking activities suffered from the impact of provisioning for Asian risk. The process of adjusting the international network is currently underway and the policy of reducing commitments was maintained.

Reinforced Risk Provisioning

Commitments on the five countries at risk in Asia (South Korea, Thailand, the Philippines, Malaysia, and Indonesia) were reduced by 36% and provisions were reinforced. With provisions of EUR 549 million booked in 1998, the risk coverage ratio on these countries rose from 10% to 27%.

Commitments on Russian counterparties, which amount to USD 341 million, were fully provisioned for.

The provisioning requirements for retail banking activities fell by 28%, due to a favourable economic environment and tighter risk control.

Growth in net income, return on equity and net earnings per share

Group net income came out at EUR 1,073 million, up 15.2% compared with 1997, after recognising:

- Capital gains made on the industrial equity portfolio (EUR 666 million, a rise of 29% against 1997).

- Capital gains generated by the disposal of subsidiaries which did not fit into the Group's core businesses (CIB, Allium and SG2), which amounted to EUR 176 million and were used to reinforce the prudential general reserve, with a total additional allocation of EUR 198 million.

- Provisions booked for restructuring costs relating to the international network and for the year 2000 (EUR 93 million).

Return on equity came out at 11.2%, up from 10.6% in 1997. Net earnings per share were EUR 10.73 (FRF 70.40), compared with EUR 9.67 (FRF 63.40) in 1997, a rise of 11%.

These figures do not take account of the provision for restructuring costs relating to the integration of Société Générale and Paribas, which will be booked in the 1998 financial statements if the public share exchange offer made by Société Générale for Paribas shares is successful (EUR 398 million after tax). After recognising this provision, Group net income will come out at EUR 675 million.

Reinforced capital base

Total equity stood at EUR 11.8 billion, for a Tier-1 ratio of 6.54%, slightly above the level seen at December 31, 1997.

Dividend payment up 17%

The dividend payment proposed to the Annual General Meeting will amount to EUR 3.75 per share (EUR 5.63 with the tax credit, or FRF 36.90), up 17% against the previous year.

This document is for information only; it does not constitute an offer of shares of Société Générale for sale in the United States of America, Canada, Australia or Japan, or an extension of the above-mentioned public exchange offer in such countries.

The shares of Société Générale to be issued pursuant to the public exchange offer have not been registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the Securities and Exchange Law of Japan, as amended and, consequently, may not be offered or sold in the United States of America or Japan in the absence of such registration or an appropriate exemption therefrom.



For further information, please consult our Investor Relations department in Paris on +33 1 42 14 54 78

U.S. MUTUAL FUNDS

Figures as of close
of trading Friday, February 26

[illegible]

This table shows the performance of Hedges-Invest mutual funds through Friday and includes the 4,000 funds in terms of assets. There are roughly 6,150 funds currently listed on Hedges.

Group names are shown in bold face, with individual fund names in each group indicated below. Funds that are not part of a group are not indicated.

NAV is the net asset value, i.e. the portfolio value divided by the number of shares outstanding, as reported by the fund through Morningstar. NAV excludes all sales or redemption charges. Change shows the variation from the previous Friday.

Name field footnotes: n = available only through contractual plan; n = no front-end load or contingent deferred sales load; p = fund assets are used to pay distribution costs; r = redemption fee or contingent deferred sales load may apply; i = footnotes p and apply.

Price field footcates: n - rx capital gain distribution
i - previous day's quotation; n - stock dividend or split

IMF: Many Fixes Are Proposed

Continued from Page 11

lished analyses of what has gone wrong in global finance, each coming to different conclusions about responsibility. The Council on Foreign Relations has put together a high-powered commission to propose an overhaul of the system.

The Group of Seven industrialized nations could not wait for the council, so in February it announced the creation of a "Financial Stability Forum" to help bring order to the chaos. The forum is to begin to connect the wiring, providing a place for market regulators in many countries and the myriad international regulatory groups to talk about setting common standards for dealing with financial concerns.

To keep the forum "manageable," a G-7 statement explained, dozens of officials from each of the seven nations will be joined by no more than three members each from the IMF, the IBRD, the BIS and the OECD.

Then, of course, "the international regulatory groupings (BCBS, IOSCO, IAIS) would be represented by two members each, and the CGFS and CPSS by one each."

(Readers interested in testing their knowledge of international organizations will find the acronyms decoded at the end of this article.)

What will change? The betting these days is not much. For now, though, here are the hottest ideas under discussion — and the problems that plague them.

Tsunami Alerts

Imagine a Weather Channel for the global economy, a proposal being pushed by many European nations. If financial quakes loomed — a devaluation in Brazil, export declines in China, more capital flight from South Africa or Indonesia — the IMF would broadcast the news.

Sounds great. Tune in, then call your broker. But there is a hitch. Weather satellites can pick up an approaching storm a lot better than experts can see a financial disaster ahead.

There were plenty of warnings about Thailand in 1997, for example, but almost no one predicted a calamity.

"Nothing in my 26 years on Wall Street or my six years in government suggests that there is any predictive capability even remotely reliable enough for such a system," Treasury Secretary Robert Rubin said recently.

The IMF notes that it often detects signs that a crisis is brewing, only to discover later that the crisis never arrives. "We've successfully predicted 14 of the past 6 financial crises," said Stanley Fischer, the Fund's No. 2 official.

Highway Tollbooths

The experts call them

SEOUL: Asians Scolded

Continued from Page 11

advocate of democracy and a market economy not only by advocating these concepts as ideals, but by practicing them," Mr. Kim said.

None of the participants appeared to disagree with the experts — largely, one panelist said, because leaders of countries that might oppose what they were saying were not there.

"The recent historical record casts doubts on the purported advantages of 'Asian-style democracy,'" said Stephan Haggard of the University of California at San Diego. Shifts to democracy, he said, "did not substantially disrupt the economic success initiated by authoritarian leaderships."

Amartya Sen, a Nobel Prize-winning economist from India, criticized the strong central control maintained by governments such as that of Singapore.

There is, Mr. Sen said, no evidence "that authoritarian governance and the suppression of political and civil rights are really beneficial in encouraging economic development." Mr. Sen cited studies that he said "firmly contradict the thesis of any general conflict between political rights and economic performance."

A major theme was how to conquer the high-level corruption that all the experts viewed as one of the major factors behind the crisis.

"Corruption distorts the allocation of resources, undermines fair competition, hinders economic development, erodes confidence in political systems and fosters organized crime," said Lee Jin Soon, president of the Korea Development Institute, a major government research organization in Seoul.

"capital controls" — limits, or taxes, on short-term investment money that flows in or out of small nations.

The appeal is simple: If investors know that their money will be tied up in Malaysia or Mozambique for some time, or that it will cost them a few percentage points to get it out early, they will think twice about rushing "hot money" into an economy that could be destabilized by a sudden, huge outflow of cash.

Not surprisingly, politicians love this idea. And everyone points to Chile, which taxed short-term capital until recently, when investment dried up for all emerging markets.

And there is the rub. As Malaysia learned when it banned trading in its currency, capital controls are a great way to regain sovereignty over an economy. But after a while, investors begin thinking about putting their money elsewhere — in countries that do not tax capital.

Promises, Promises

One lesson of the last two years is that bad things can happen to good economies.

South Korea, for example, clearly has the talent and the means to rank among the world's best economies. But when it nearly ran out of central bank reserves in 1997, investors panicked and the currency melted down.

To avert such panics, the IMF and some economists have suggested that countries could be "prequalified" for emergency aid, in the hope that the mere existence of a big credit line would reassure investors.

That was essentially the deal the IMF and the U.S. Treasury offered to Brazil last year, when a \$41 billion bailout was described as "precautionary." Unfortunately, that package failed to prevent a run on the currency, the real.

Aim at That Target

The Germans, with some support from France and Japan, want an agreement to establish "target zones" that would reduce the volatility of the world's three major currencies — the dollar, the euro and the yen. Under this plan, the major economies would coordinate their policies to keep their currencies within a specified trading range.

Mr. Rubin thinks this is one of the worst ideas he has ever heard. Washington does not want a committee of the Group of Seven dictating American monetary policy.

Start Bailing

When a country begins to list, investors bail out. So, beginning with the effort to save South Korea, the U.S. Treasury has talked about "bailing in" investors.

What American officials mean is that big banks and other lenders should be compelled to take responsibility for having provided countries with the money they used so foolishly.

But since the bailout of South Korea, the enthusiasm for "bailing in" has been tempered by reality. Bankers have begun to warn that if the risk of lending to emerging markets climbs too high, either they will charge the riskiest countries the highest interest rates or they will avoid them completely.

Swinging a Baton

Barry Eichengreen, an international economist at the University of California at Berkeley, says the IMF "will have to become less of a fireman and more of a policeman."

In a new book, "Toward a New International Financial Architecture," he explained that rather than roaring to the rescue once disaster strikes, the Fund should constantly police compliance with international rules and regulations.

But that would require a change of culture at the IMF, which has often been beholden to its members, including the rule breakers. Fund officials would have to be willing to utter unpleasant news, in strong terms.

And they might need to answer their phones on the weekends.

The acronyms: IBRD, International Bank for Reconstruction and Development, better known as the World Bank; BIS, Bank for International Settlements; OECD, Organization for Economic Cooperation and Development; BCBS, Basel Committee on Banking Supervision; IOSCO, International Organization of Securities Commissions; IAIS, International Association of Insurance Supervisors; CGFS, Committee on the Global Financial System; CPSS, Committee on Payments and Settlement Systems.

Microsoft's Witnesses Find U.S. Attorney an Agile Foe

By Steve Lohr
New York Times Service

NEW YORK — For witnesses appearing on behalf of Microsoft Corp. at its antitrust trial, these simple words of introduction have become deeply unnerving: "My name is David Boies, and I represent the United States."

It is no wonder the big software company's witnesses have come to fear facing Mr. Boies, the Justice Department's trial lawyer, in the government's sweeping case against Microsoft.

Time after time, he has caught Microsoft witnesses off guard as the words from their mouths on the stand contradict the statements in internal Microsoft documents or in their own e-mail.

Yet, as both sides have now presented their main evidence, with the last of Microsoft's 12 witnesses having finished on Friday, the question remains how much the company has been merely embarrassed or truly damaged in the courtroom.

The answer, legal experts say, is by no means as clear-cut as might be suggested by the daily reports about Microsoft's misdeeds. The recent drift of significant rulings in antitrust cases, they note, tends to be pro-defendant as the courts have been generally reluctant to second-guess business decisions.

"Boies has done an excellent job, but the outcome of this case is still in doubt," said William Kovacic, a professor at George Washington University Law School.

"There is enough flexibility in the doctrine of antitrust and enough uncertainty about how the case law applies to a dynamic, high-technology industry like computer software that it could go either way."

Put simply, the government's case is that Microsoft illegally used its monopoly power to thwart the challenge to its dominance posed by Internet software, stifling competition and innovation.

Mr. Boies — who is 57 and known for his rumpled blue suits, for his uncanny memory

CYBERSCAPE

and for having defended IBM in a marathon antitrust case — has clearly put Microsoft through a humbling courtroom experience.

He rattled a senior Microsoft executive by pointing out misleading aspects in a videotaped demonstration that he had introduced as evidence.

He confronted Microsoft's economic expert with his earlier writing, which seemed to contradict his testimony, and the befuddled witness said, "What could I have been thinking?"

Recently, after Mr. Boies seemed to dismantle another Microsoft executive, forcing him to retract some of his testimony, Judge Thomas Penfield Jackson joked as a Microsoft lawyer took over that the task before him was a "heroic endeavor."

In the courtroom, Mr. Boies (pronounced BOYZ) is trying to undermine the credibility of Microsoft's witnesses, which is a central

element in the government's legal strategy. Attacking Microsoft's credibility, antitrust experts say, helps reinforce the strongest parts of the government's current case — a case that suffered a setback a month after it was filed last spring.

The government sued Microsoft last May in a complaint that focused mainly on the Internet browser market. It contended that Microsoft hobbled its Internet browser to the company's industry-standard Windows operating system in an illegal attempt to hobble a promising challenger, Netscape Communications Corp., the pioneer in software used to browse the World Wide Web.

Microsoft replied that its Explorer browser and Windows were not two products but a single product, and that Microsoft could put anything it wanted into Windows.

A federal appeals court essentially agreed with Microsoft last June in a separate but related case. The court said Microsoft had the right to fold a browser into its operating system as long as it could make a "plausible claim" of consumer benefit.

After the appeals court ruling, the government added evidence to flesh out the allegation in its original complaint that Microsoft was engaged in a "pattern of anti-competitive behavior."

By the time the trial began in October, the government's roster of witnesses included not only Netscape's president but also executives from Apple Computer Inc., IBM Corp., Intel Corp., Inuit Inc. and Sun Microsystems Inc. In one episode after another,

they testified, Microsoft was a monopolistic bully, using its power as a club against other companies to try to curb competition.

Microsoft denies each allegation, saying its accusers are a collection of its rivals trying to portray routine business meetings in the software industry as something sinister.

These allegations all center on private meetings — some more than three years ago — involving Microsoft and other companies. The court must sort through the evidence and the testimony to decide whom to believe.

"What happened at these meetings are 'we-said, they-said' disputes," said Robert Litan, a former senior official in the Justice Department's antitrust division. "That's why the government has tried so hard to go after the credibility of Microsoft's witnesses in general."

The credibility strategy is also an effort by the government to bulletproof any lower-court ruling from appeals. No one can predict with certainty how Judge Jackson will rule in this no-jury trial.

His questions, comments and even rebukes to Microsoft witnesses may indicate that he leans toward the government. But regardless of the verdict at U.S. District Court, the case will almost surely go to the U.S. Court of Appeals and perhaps all the way to the Supreme Court.

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PARIBAS

Net income excluding minority interests: EUR 1,002 million
26% growth in net income, excluding minority interests
and discontinued activities

In 1998, Paribas achieved growth in revenues of 19%. Net income, excluding minority interests, amounted to EUR 1,002m despite the effects of the financial crisis. The cost of risk in emerging countries resulted in a charge of EUR 387m. Total provisions stand at EUR 706m, representing an overall provisioning rate of 27% of outstandings in 5 sensitive Asian countries, of 100% of Russian outstandings and a general provision of EUR 195m for the other countries.

These figures do not include the provision for restructuring costs to be retained should plans to join forces with Société Générale proceed (EUR 400m, net of tax). Paribas' net income, excluding minority interests, of EUR 1,002m will be corrected automatically if Société Générale's public share exchange offer in France is a success.*

(This document is for information only; it should not be construed as an offer of securities for sale in the United States of America, Canada, Australia, or Japan, nor on extension of a tender offer in such countries. The shares of Société Générale to be issued pursuant to the Offer have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and, consequently, may not be offered or sold in the United States of America in the absence of registration or on applicable exemption from registration under the Securities Act.)

Revenues, pretax income and ROE per core business

In millions of euros	Specialized financial services	Asset management and Banking services	Corporate and investment banking	Proprietary investments	Real estate	Other	Total
Revenues 01/97/98	1,504 + 7%	1,013 + 25%	1,982 + 11%	687 + 24%	109 + 59%	372 + 15%	5,666 + 19%
Pretax income excluding goodwill amortization 01/97/98	421 + 8%	181 + 50%	42 - 75%	659 + 25%	63 + 153%	165 ns	1,531 + 31%
Pretax ROE	26%	27%	1%	35%	9%	12%	16%

(1) Goodwill excludes an allocated equity.

19% growth in revenues and 31% in pretax income for the 6 core business lines

Specialized financial services. With pretax income of EUR 421m (+ 8%), this core business shows a pretax return on equity (ROE) of 26%. The different business units continued their international extension and a large number of partnerships were signed. Loan production generated outside France now accounts for 27% of the total.

Asset management and Banking services. Pretax income enjoyed strong growth, reaching EUR 181m (+ 50%), equal to pretax ROE of 27%. Assets under management also grew significantly (+ 19%) from the combined effect of sustained inflows (+12%) and good market performance (+ 7%). Cardiff, Cortal and Institutional and Private Asset Management all enjoyed excellent years. The Securities Services business also reported extremely strong growth.

Corporate and investment banking. Revenues (excluding the cost of risk on emerging countries) increased by 11%, despite the effects of the crisis in the financial markets, reaching EUR 1,982m due in particular to strong growth in customer revenues (+ 12%) and increased expenses (+ 21%) were linked to continued staff expansion (430 new employees) and investments required to adapt the Bank's computer systems to the euro and the year 2000.

Revenues from capital market activities grew by 14%. The negative impact of EUR 387m, due to the financial crisis in the emerging countries, is entirely carried by this core business line.

Proprietary investments. Pretax income for Proprietary investments increased by 25% principally through the growth in realized capital gains (EUR 597m, + 40%). Unrealized capital gains increased by 34% to reach EUR 3.1m for a total estimated portfolio value of EUR 6.5bn (+ 8%). This performance testifies to the recurrent nature of the income generated by Paribas Principal Investments.

Real estate. Pretax income amounts to EUR 63m (+ 153%), equal to a pretax ROE of 9%.

Other activities. Pretax income stands at EUR 165m, chiefly derived from capital gains generated in the financial portfolio.



PARIBAS INVESTOR RELATIONS

3, rue d'Antin, 75002 Paris - France - 33 1 42 98 68 35 - Internet: http://www.paribas.com

Consolidated prices for all shares trading
during week ended Friday, February 24

Stocks	Div Yld	100% High	Low	Close	Change
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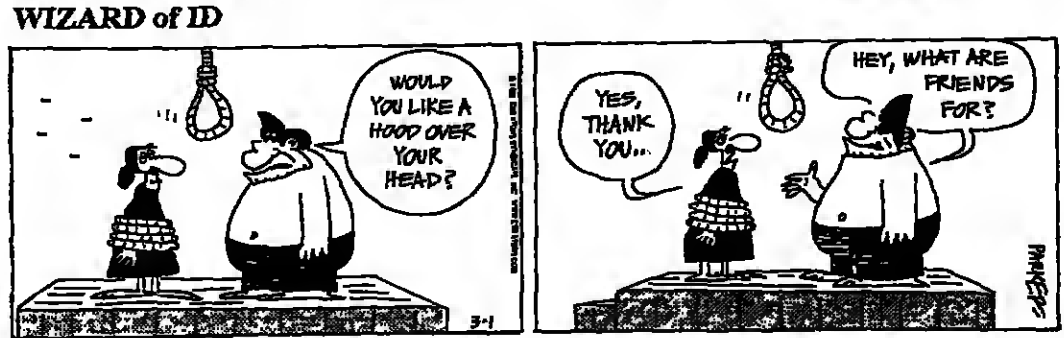
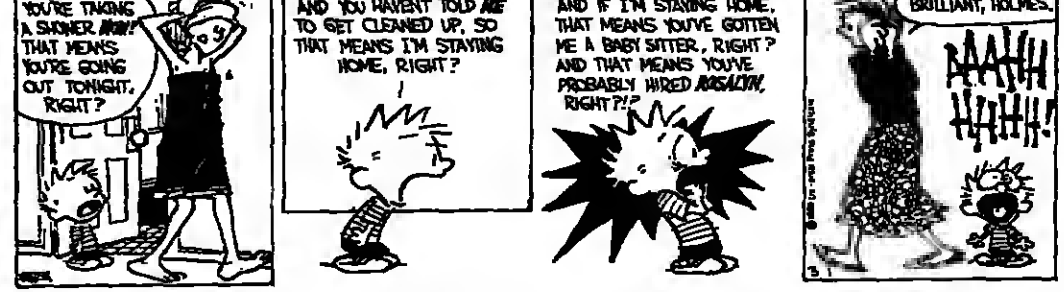
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ADAMS, JOHN	28	M	5-8	160	B	B	F	N	1			
ADAMS, ROBERT	32	M	5-11	180	B	B	F	N	1			
ADAMS, WILLIAM	35	M	5-9	170	B	B	F	N	1			
ADAMS, WALTER	38	M	5-10	175	B	B	F	N	1			
ADAMS, WILSON	40	M	5-11	180	B	B	F	N	1			
ADAMS, WYATT	42	M	5-10	175	B	B	F	N	1			
ADAMS, YOUNG	45	M	5-9	170	B	B	F	N	1			
ADAMS, ZACHARY	48	M	5-11	180	B	B	F	N	1			
ADAMS, ABRAHAM	50	M	5-10	175	B	B	F	N	1			
ADAMS, ALFRED	52	M	5-9	170	B	B	F	N	1			
ADAMS, ARTHUR	55	M	5-11	180	B	B	F	N	1			
ADAMS, BENJAMIN	58	M	5-10	175	B	B	F	N	1			
ADAMS, BRUCE	60	M	5-9	170	B	B	F	N	1			
ADAMS, CARL	62	M	5-11	180	B	B	F	N	1			
ADAMS, CHARLES	65	M	5-10	175	B	B	F	N	1			
ADAMS, CLAYTON	68	M	5-9	170	B	B	F	N	1			
ADAMS, DAVID	70	M	5-11	180	B	B	F	N	1			
ADAMS, EDWARD	72	M	5-10	175	B	B	F	N	1			
ADAMS, EUGENE	75	M	5-9	170	B	B	F	N	1			
ADAMS, FRANK	78	M	5-11	180	B	B	F	N	1			
ADAMS, GEORGE	80	M	5-10	175	B	B	F	N	1			
ADAMS, HERBERT	82	M	5-9	170	B	B	F	N	1			
ADAMS, IRVING	85	M	5-11	180	B	B	F	N	1			
ADAMS, JACOB	88	M	5-10	175	B	B	F	N	1			
ADAMS, JEROME	90	M	5-9	170	B	B	F	N	1			
ADAMS, JOSEPH	92	M	5-11	180	B	B	F	N	1			
ADAMS, LAURENCE	95	M	5-10	175	B	B	F	N	1			
ADAMS, LEONARD	98	M	5-9	170	B	B	F	N	1			
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ADAMS, LUCAS	142	M	5-9	170	B	B	F	N	1			
ADAMS, LUCAS	145	M	5-11	180	B	B	F	N	1			

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(Continued)

CALVIN AND HOBBS



SPORTS

Maggert and Magee, Unlikely Stars in Match-Play Golf

By Clifton Brown
New York Times Service

CARLSBAD, California — Jeff Maggert and Andrew Magee had overcome difficult odds all week, and they did it again. Moving one step closer to the biggest payday of their careers, Maggert and Magee overcame deficits and advanced to the 36-hole final match of the Andersen Consulting Match Play Championship.

In Saturday's semifinals, Maggert beat Steve Pate, 1 up, after Pate led, 3 up, with seven holes to play. Magee was also a comeback winner, losing the first three holes to John Huston but storming back for a 3 and 1 victory in the second semifinal.

Maggert, seeded 24th in the 64-player tournament, and Magee, seeded 50th, were meeting Sunday at La Costa Resort and Spa for \$1 million, more money than either player had ever won during a PGA Tour season. It has been an improbable week for both players.

Others may be unhappy that more recognizable names did not advance to

the finals. But for Maggert and Magee, the week was fantastic.

"It was a great win yesterday, but that was just one of the hurdles to have a chance to win this golf tournament," said Maggert, who beat top-seeded Tiger Woods in Friday's quarterfinals to advance to Saturday's match.

"When I got here Monday, Sunday is where I wanted to be. Winning the golf tournament is going to mean a lot more to me than the million dollars. I want the victory more than putting a few more dollars in my account."

As he had all week, Maggert showed poise and determination against Pate, turning the tide when it appeared that Pate might be in command.

With Pate holding a three-hole lead after 11 holes, Maggert started his comeback with an eagle at the par-5 No. 12 to win the hole, reaching the green in two shots, then making a 25-foot (8-meter) putt. Maggert won No. 13 as well when Pate hit a poor approach shot into a greenside bunker and failed to get up and down for par.

"That was probably the turning

point," said Pate, who was to Huston in Sunday's 18-hole consolation match for third place. "I never felt I was in control, but I stopped making birdies, he started making birdies, and I made some mistakes."

Maggert evened the match at No. 15 with a nine-foot birdie putt, and the momentum had clearly swung in his favor. Pate fell behind for good at No. 16 with another mistake, three-putting for a bogey when he missed a five-foot putt for par. "I misread both putts badly," Pate said.

But Pate did not fold, and it took superb play by Maggert on Nos. 17 and 18 to close the match. Pate hit a nice third shot at the par-5 No. 17 that landed 12 feet below the hole, but Maggert's approach was even better, landing five feet from the pin. Pate knew that if he missed his putt, Maggert would probably end the match on his next putt. But Pate made the 12-footer for birdie. Maggert followed by making his five-footer for birdie as well.

So the match moved to the par-4 No. 18 with Maggert still 1 up, and there it

ended. After both players reached the green in two shots, Pate had about a 30-footer for birdie that he missed three feet to the right. Maggert putted next from about 28 feet, and after leaving the putt about four feet short, he made the next putt to clinch the match.

Maggert has not won on tour since 1993, but he has 12 second-place finishes in his career, and he said he had the confidence to win Sunday.

"It has been frustrating to be in situations to win golf tournaments and not win," said Maggert. "That's what I judge myself on, being able to win. I know that I'm a good enough player. I can't look back and say, 'Gosh, I've come up short so many times.' I'm out here to prove a lot of things to myself."

Magee showed resolve as well after starting his match against Huston by losing the first three holes. But Huston bogeyed No. 4, leaving him with a 2-up advantage and giving Magee hope. Before the match, Magee had run out of clean socks, so he purchased two pairs at the clubhouse. Thanks to his comeback,

Magee planned to wear the second pair during Sunday's match.

Magee won Nos. 9 and 10 to even the match, then took the lead for good with a 10-foot birdie putt at No. 12. Magee took a commanding 2-up lead at No. 16, when Huston hit his approach shot into the bunker and failed to get up and down for bogey. The match ended at No. 17, when Huston hit his second shot into the hazard near the water, and Magee chipped in for birdie.

On the way to the final, Maggert beat Fred Funk, Nick Price, Bernhard Langer, Woods and Pate. Magee beat Darren Clarke, Thomas Bjorn, Bill Glasen, Shigeki Maruyama and Huston.

"If it wasn't for Tiger, or Ernie Els and David Duval, our sport wouldn't be what it is, and those guys deserve credit," Maggert said. "They have played better than I have over the last three or four years. But unlike other sports, the No. 50 or No. 60 best player is not that far from being No. 1. On any given day, he can be the best player in the world. I think everyone has witnessed that this week."



Jeff Maggert chipping toward final.

Blue Devils Crush the Tar Heels

By Barry Jacobs
New York Times Service

CHAPEL HILL, North Carolina — Top-ranked Duke, bidding to become the first Atlantic Coast Conference team in a dozen years to go through the league without a loss, took little more than a half to seize control during a visit to its neighbor, North Carolina.

The result was a crushing 81-61 victory Saturday, the first by Duke in eight years.

Duke pushed its record to 29-1 and became the first team to go 16-0 during the Atlantic Coast Conference regular season. The league expanded to nine teams in 1991-92.

"Duke is a great team, even better than I thought," said the Tar Heels' coach, Bill Guthridge. "We played well in the first half, but the Blue Devils have quickness and energy, and they are well-coached. I can't remember a team that has been such an odds-on favorite to win the national championship as they are. They're just really, really something."



Duke's Elton Brand stretching for a rebound, faced by North Carolina's Ed Cota.

The victory was the 24th in a row for the Blue Devils, since they lost to Cincinnati in late November in the finals of the Great Alaska Shootout.

No. 14 North Carolina, the ACC's third-place team, dropped to 22-3 and 10-6 in the conference.

North Carolina started the second half as it had the first, getting the ball inside to its center, Brendon Haywood, whose basket tied the score at 35-35 after just 43 seconds had elapsed. But that proved

to be the closest the Tar Heels would come.

Duke immediately responded with a lay-in by its center, Elton Brand. The Tar Heels then scored just a single basket over the next six-and-a-half minutes as the Blue Devils pushed their lead to 46-37.

North Carolina later cut the margin to 5 points. But the Blue Devils went on a 22-6 run, controlling the boards at both ends as they pushed the lead to 68-47 with 5:25 remaining. Duke cruised the rest of the way.

Duke used its superior quickness to dissect the Tar Heel defense and win a decisive edge in rebounds. The bigger North Carolina team increasingly resorted to jump

shots, with diminishing returns. The Blue Devils won without Shane Battier, one of their top rebounders and defenders. The sophomore starting forward, sidelined by a knee injury, returned to the game, a victory over Duke.

Duke entered the game riding a 23-game winning streak, matching the longest undefeated run in school history. The Blue Devils beat North Carolina in the teams' previous meeting this season, 89-77.

The Blue Devils are among the most dominant Atlantic Coast Conference squads ever. Bidding to become just the eighth team to go through the league undefeated, they have won conference contests by an average margin of 24.6

points. Duke is fueled by the nation's most potent offense — it leads Division I in scoring (93.7) and second in field-goal percentage (.517).

North Carolina has been erratic this season, relying heavily on young players and enduring a series of injuries. The Tar Heels survived overtime to win their two previous games, against Virginia and Wake Forest.

"There is no banner for going 16-0, but it is a heck of an honor," said the Blue Devils' coach, Mike Krzyzewski. Said Chris Carrwell, a Duke player: "After we win the national championship, then I can look back and say it's been a good season, but right now there's more work to do."

Stanford Finds Way to Skin Wildcats

Victory Over Arizona Earns Cardinal First-Ever Pacific-10 Title

Los Angeles Times Service

PALO ALTO, California — The famously springy floor of Maples Pavilion pitched and rolled as if an earthquake were rumbling across the Stanford campus. But it was a far more rare event that set the university's famously noisy fans bouncing and dancing crazily at center court after their team's 98-83 victory over the Arizona Wildcats.

The victory Saturday night meant that Stanford had won the Pacific-10 championship for the first time, and had claimed a conference title for the first time in 36 years by taking a three-game lead with two games left.

Stanford's last conference championship was in 1963, when it tied UCLA for the five-team Athletic Association of Western Universities title. That was the school's first outright title since Stanford claimed the Pacific Coast Conference title during its national championship season in 1942.

On Saturday, Arthur Lee, Kris Weems, Tim Young, Pete Sauer and a reserve, Mark Sestou — the seniors who helped Stanford to the Final Four last season — were playing their final game in Maples, and they weren't going out any other way than with the Pac-10 title in their pockets.

Lee scored a career-high 29 points and Weems scored 23, making six of 10 3-point shots, five of them in his 17-point first half in which Stanford took a 20-point lead before allowing it to dwindle to nine at halftime.

"Our perimeter guys were fabulous," the Stanford coach, Mike Montgomery, said. "To win outright, and truthfully to do it against the team that has been the dominant team in our conference, really meant a lot to us."

With 10 3-pointers and a fast-paced attack, No. 6 Stanford (24-5, 14-2) ran all over No. 7 Arizona (20-6, 11-5), which had won all its games against the Cardinal over the last two years.

"We had a revenge factor," Weems said, "because I felt personally we should have beaten Arizona in Tucson."

The Wildcats' Jason Terry, who made

the winning shot in Arizona's 78-76 victory over Stanford in Tucson earlier this season, scored 21 points, but ceded 29 shots to do it.

"It was a good old-fashioned thrashing, and it's the reason Stanford has been

COLLEGE BASKETBALL

the team to bear and still is the team to beat," said Lute Olson, the Arizona coach.

In other leading college games, The Associated Press reported:

No. 2 Auburn 76, Mississippi 73 Scott Pohlman scored 17 points, including a driving baseline lay-up in the final minute, as Auburn (26-2, 14-2 South-eastern Conference) capped the best regular season in school history with a victory at Mississippi State (18-11, 8-8).

No. 5 Maryland 84, Florida State 75 Laron Proffitt scored a career-high 32 points as Maryland (25-4, 13-3 Atlantic Coast Conference) beat Florida State (12-16, 5-11).

Michigan 66, No. 8 St. John's 60 In Philadelphia, St. John's (23-7, 14-4 Big East) shot a season-low 32 percent as Villanova (20-9, 10-8) significantly enhanced its chances for a bid to the NCAA Tournament.

North State 88, No. 10 Ohio State 85 Joe Crisp scored 29 points, including eight in a row in the first minute of overtime, as Penn State (13-13, 5-11 Big Ten) upset visiting Ohio State (22-7, 12-4).

No. 9 Cincinnati 89, Memphis 64 The Bearcats (25-4, 12-5 Conference USA) clinched their fourth straight regular-season conference title with a victory in Memphis.

No. 11 Miami 66, Rutgers 63 In Miami, Tim James blocked two shots in the final 15 seconds as the Hurricanes (21-5, 15-3 Big East) held off Rutgers (17-11, 9-9) to clinch at least a No. 2 seed in the conference tournament.

No. 12 Utah 77, No. 21 New Mexico 67 In Salt Lake City, Utah (24-4, 14-0 Western Athletic Conference) scored the game's first 14 points and shut out

New Mexico for nearly nine minutes, thrashing the Lobos (22-7, 9-5 WAC) for a school-record 19th straight victory. Utah became the second team in WAC history to finish its conference season undefeated.

No. 15 UCLA 79, Washington 62 In Los Angeles, Baron Davis scored 14 points, punctuated by a one-handed slam dunk in the closing seconds, as UCLA (21-7, 11-5 Pac-10) led the entire way against the Huskies (16-11, 9-8).

Michigan 81, No. 16 Wisconsin 39 Michigan (11-18, 5-11 Big Ten), suffering through its worst basketball season in 17 years, still continued its domination of Wisconsin (21-8, 9-7) by knocking off the host Badgers for the fourth straight time.

No. 17 College of Charleston 84, Western Carolina 49 In Greensboro, North Carolina, College of Charleston (27-2) routed the Catamounts (8-21).

Vanderbilt 71, No. 19 Florida 70 In Nashville, Dan Langhi scored 20 points as Vanderbilt woo for its departing coach, Jan van Breda Kolff, in his final game at Memorial Gym.

Van Breda Kolff, a star player for Vanderbilt in the 1970s, resigned Thursday following a lackluster season for the Commodores (14-14, 5-11 SEC). He compiled a 104-80 record in six years.

Teddy Dupuy scored 20 points to lead Florida (19-7, 10-6).

No. 20 Indiana 88, No. 18 Iowa 81 The Hoosiers (22-9, 9-7 Big Ten) had lost five straight games to the visiting Hawkeyes (18-8, 9-7) and had to rally from a 14-point deficit in the first half to win and earn a first-round bye in the conference tournament. Iowa had already clinched a first-round bye in the event, which begins this week.

Missouri 54, No. 22 Texas 47 Albert White scored 23 points to lead Missouri (20-7, 11-5 Big 12) to victory in Texas, assuring the Tigers a first-round bye in the Big 12 Tournament.

Texas (18-11, 13-3) had already won the Big 12 regular-season title earlier in the week and earned a first-round bye for the conference tournament.

Dumars Leads Pistons Over the Knicks

Compiled by Our Staff From Dispatches

AUBURN HILLS, Michigan — Joe Dumars continued his hot streak with 21 points to lead the Detroit Pistons to a 89-68 victory over the New York Knicks on Sunday.

The Pistons are now 4-0 since Dumars, playing in his 14th and final NBA season, returned to the lineup from a

NBA Roundup

hamstring injury. Dumars is averaging 20.5 points and four assists in the streak.

Detroit had lost three straight to the Knicks, including a 78-69 loss in New York on Feb. 15, and have won just five of the teams' last 22 meetings.

Lindsey Hunter added 16 points for the Pistons, while Jerry Stackhouse scored 13 off the bench. Allen Houston led the Knicks with 13, while Larry Johnson scored 12, only two after the first quarter.

Heat 84, Magic 79 P.J. Brown hit a 12-foot jumper with 13.4 seconds to play and then added a key steal as injury-depleted Miami overcame a 20-point deficit and beat visiting Orlando.

Alonzo Mourning paced Miami with

24 points, despite hitting just five of 20 from the field. Nick Anderson led Orlando with 25.

A 3-point basket by Anderson, the last of his six, created the fourth lead change of the final period and put Orlando up, 77-76, with 3:36 to play.

In games played Saturday:

Mavericks 103, Clippers 74 The Clippers completed a stretch of three losses in three nights with defeat at the hands of the Atlanta Hawks in Anaheim. The loss was the Clippers' 12th in 12 games.

Rockets 86, Grizzlies 74 Scottie Pippen scored 12 of his 18 points in the third quarter as Houston won in Vancouver. Hakeem Olajuwon finished with 18 points and eight rebounds as the Rockets won for only the second time in five games. Pippen also had seven steals and eight rebounds.

Trail Blazers 82, Wizards 81 In Washington, Jim Jackson, starting in place of the suspended guard Isaiah Rider, sank a 21-foot jumper with 39.4 seconds remaining. Rider, the Blazers' leading scorer, was suspended without pay for one game and fined \$2,500 by the league for leaving the bench during an altercation Friday night at Charlotte.

Mavericks 97, Kings 90 In Dallas, Gary Trent scored a career-high 29 points and handled down 16 rebounds as the Mavs won for the fourth time in their last six games. Robert Pack added 21 points and played solid defense.

Knicks 101, Nets 82 Antoine Walker scored 11 of his game-high 28 points in the fourth quarter as Boston won in New Jersey, handing the Nets their sixth straight loss.

Bulls 94, Hornets 77 Toni Kukoc led four Bulls in double figures with 16 points as Chicago won its first home game of the season. Andrew Lang and Randy Brown finished with 14, season highs for them both, and Rusty LaRue added 13.

Terry Rodman Draws Fire

Dennis Rodman, fresh off his electrifying Los Angeles Lakers debut, showed up more than 30 minutes late to his first full-squad Lakers practice Saturday morning, the Los Angeles Times reported from Inglewood, California.

"I told the players that he's going to be fined accordingly," said the new coach, Kurt Rambis, only two days into the job. "I will find out what's going on



Jim McIlvaine of the Nets, left, battling the Celtics' Eric Riley, and if it's legitimate, then no harm. If he was just late, then he's fined."

Rodman had 11 rebounds and six assists Friday night, playing 26 minutes off the bench as the Lakers beat the Clippers, 99-83.

Sykora and Arnott Score as Devils Rout the Coyotes

Compiled by Our Staff From Dispatches

Petr Sykora and Jason Arnott scored goals Sunday, leading the New Jersey Devils to a 4-1 victory over the struggling Phoenix Coyotes.

Denis Pederson and Brian Rolston also scored for the host Devils, who

NHL Roundup

extended their unbeaten streak to three at 2-0-1. Bob Corkum scored for the Coyotes, who have lost two in a row and seven of their last eight (1-7-0). They have been outscored 52-9 in the slump.

Corkum opened the scoring at 1:47 of the first period with a sharp-angled shot from the left boards that beat goalie Martin Brodeur. Pederson and Sykora scored the next two goals of the period as

New Jersey took a 2-1 lead.

Pederson beat the Phoenix goalie, Nikolai Khabibulin, with a shot from just inside the blue line at 8:44. Sykora crashed the Coyotes crease at 16:02 to backhand the puck off the post for a power-play goal.

In games played Saturday:

Braves 4, Capitals 3 Dmitri Khristich, Anson Carter and Jason Allison, who got the winner with 4:22 remaining, all scored against their former teams as Boston beat visiting Washington.

Islanders 3, Red Wings 1 Tommy Selo stopped 35 shots as the New York Islanders beat suddenly struggling Detroit on Long Island.

Canadiens 4, Senators 1 In Montreal, Jeff Hackett made 25 saves as the Canadiens ended a two-game losing streak

with a victory over Ottawa.

Maple Leafs 4, Panthers 1 In Toronto, Toronto scored three times in the second period and kept Pavel Bure off the score-sheet to beat Florida. Alvin McCauley, Mike Johnson and Todd Warriner scored in an 8:40 span of the second period for the Maple Leafs.

Avalanche 3, Predators 1 Eric Messier and Peter Forsberg scored power-play goals and Patrick Roy had 21 saves as Colorado beat visiting Nashville to end a seven-game winless streak.

Hurricanes 2, Oilers 2 Ron Francis scored with 24 seconds left in regulation to give Carolina a tie in Edmonton.

Mighty Ducks 4, Sharks 1 Teemu Selanne scored his 300th goal and added three assists as the Anaheim won in San Jose.

Fleury Traded to Avalanche

Theo Fleury, one of the NHL's top scorers, was traded from the Calgary Flames to Colorado on Sunday in a move the Avalanche hope will bolster their offense for the playoffs, The Associated Press reported from Denver.

Fleury, an unrestricted free agent at the end of the season, goes to the Avalanche with winger Chris Dugman. The Flames received forward Rene Corbet, defenseman Wade Belak and future considerations.

Fleury, a 30-year-old wing, has spent his entire NHL career with the Flames, winning a Stanley Cup with the team as a rookie in 1989.

He has 30 goals and 39 assists this season.

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WORLD ROUNDUP

**Aces and Emotions
Propel Krajicek**

TENNIS Richard Krajicek served 30 aces as he overpowered Greg Rusedski, 7-6, 6-7, 7-5, in the London Indoor final Sunday.

Krajicek dedicated the victory to Menno Oosting, another Dutch tennis player. Oosting died in a car crash last week. Krajicek attended the funeral Saturday before flying back to London to beat Thomas Johansson in the semifinal.

The Dutch fourth seed found his serving form and comfortably took the battle between two of the hardest hitters in the game. Krajicek lost only two service games and one set, both to Rusedski, during the tournament. (Reuters)

• Serena Williams won the first professional event of her career Sunday, beating Amelie Mauresmo, 6-2, 3-6, 7-6, in the final of the \$520,000 Gaz de France Open in Paris.

The 17-year-old American led, 4-1, in the third set and then served for the match at 5-4 before Mauresmo, a 19-year-old Frenchwoman, forced the match into a tiebreaker. But the American raised her game, outgunning her opponent in the tiebreaker to take the match in one hour, 56 minutes. (AP)

• Venus Williams, the older sister of Serena, breezed into the finals of the IGA Superhite Tennis Classic in Oklahoma City when she beat Lilia Osterloh, a qualifier, 6-2, 6-3, in her semifinal Saturday. Amanda Coetzer beat the second-seeded Anna Kournikova, 6-4, 6-2. (AP)

Tendulkar Hits Century

CRICKET Sachin Tendulkar stroked his 19th test century for India as the Asian championship match against Sri Lanka ended in a draw Sunday in Colombo.

India, 33 ahead on first innings, had taken its second innings to 306 for five when play ended on the fifth and final day.

• Daryll Cullinan made 246 not out as South Africa reached 562 runs for five wickets in its first innings on the second day of the first test against New Zealand in Auckland. (Reuters, AP)

Accident Claims Pitcher

BASEBALL The former major-league pitcher Ken Robinson is dead, and a fellow minor leaguer in the Arizona Diamondbacks organization has been charged with second-degree murder after an alcohol-related auto accident Sunday. The police said that Robinson, a 29-year-old right-hander who pitched for Toronto and Kansas City, was pronounced dead at the scene of the early-morning accident in Tucson. The driver, the pitcher John Rosengren, was being held in the Pima County Jail.

Rosengren, 26, showed signs of impairment, and a blood sample was taken, police said. (AP)

Lazio Beats Vicenza to Increase Lead in Italian League



Norberto Solano of Newcastle, foreground, battling for the ball with Nigel Winterburn of Arsenal in an English Premier League match on Sunday.

ROME — Sinisa Mihajlovic scored on a free kick in the final minute Sunday to give Lazio a 2-1 victory at Vicenza that stretched its lead in the Italian league to four points over Fiorentina and Parma. Lazio took the lead in the 48th minute with a goal by Sergio Conceicao, but it allowed Giuseppe

EUROPEAN SOCCER

Cardone, a Vicenza defender, to equalize in the 67th minute. Lazio then missed a penalty — Marcelo Salas hit the post in the 72d minute — and Dejan Stankovic was sent off.

But even with 10 men, Lazio pressed in the final minutes to break through Vicenza's tight defense.

Mihajlovic, a specialist in free kicks, sent a curling, powerful drive into Vicenza's net in the 90th minute. It was his seventh goal of the season.

Fiorentina, playing once more without Gabriel Batistuta, its injured striker, struggled to draw, 1-1, in Salerno. Moreno Torricelli, a defender, scored Fiorentina's goal with four minutes left.

On Saturday, Roma again did its bitter local rival, Lazio, a favor. The previous week, Roma protected Lazio's first-place perch by drawing, 0-0, at Fiorentina. On Saturday, Roma beat third-place AC Milan, 1-0, in Rome, to end Milan's 11-match unbeaten run and prevent the visitor from climbing into first place for the first time since 1996. Paolo Sergio scored the only goal with a 64th-minute header.

Enrico Chiesa scored twice as Parma downed visiting Perugia, 3-1, to overtake Milan.

Inter and Juventus, Italy's two representatives in the Champions Cup quarterfinals this week, drew, 0-0, in Milan.

SPAIN Mallorca squandered a chance to draw level with Barcelona at the top of the league Sunday when it drew, 1-1, at home against Ten-

erife, which is at the bottom of the division. Dani Garcia gave Mallorca the lead after 14 minutes, but Alexis Suarez leveled after 41 minutes. Chano Cruzado of Tenerife was sent off with 15 minutes to play, but even against 10 men Mallorca could not score again.

Elsewhere, Miguel Angel Angulo and Claudio Lopez both scored in the final eight minutes as Valencia beat Barcelona for the second time in four days. Valencia, which beat Barcelona, 4-3, last Wednesday in the Spanish Cup, won, 4-2, on Saturday, in the Spanish league. Adrian Ilie and Lopez twice gave visiting Valencia the lead. Patrick Khivert leveled twice for Barcelona.

In a clash between two struggling teams, Antonio Alvarez scored two minutes into injury time to give Betis of Seville a 3-2 victory over Real Madrid and ruin John Toshack's debut as Madrid's coach. It was Real Madrid's third straight loss.

ENGLAND Arsenal, the defending champion, drew, 1-1, at Newcastle on Sunday and failed to keep pace with the two teams above it who both won on Saturday.

Nicolas Anelka gave Arsenal the lead after 36 minutes with his 14th goal of the season. Dieter Hamann leveled with a powerful shot from the edge of the penalty area.

Arsenal slipped three points behind Chelsea and seven behind Manchester United, the league leader. Chelsea beat Liverpool, 2-1, on Saturday, but could lose Graeme Le Saux for several games after the English soccer authorities said Sunday that they would investigate a clash between the defender and Robbie Fowler, a Liverpool striker.

Le Saux appeared to strike Fowler on the back of the head with his elbow following a running battle between the two players.

Frank Leboeuf, with a penalty, and Bjarne Goldback gave Chelsea a two-goal lead at halftime. Michael Owen replied for Liverpool 13

minutes from the end, his 21st goal of the season.

All the goals in Manchester came in the last 11 minutes as United beat Southampton, 2-1. Roy Keane and Dwight Yorke, with his 22d goal of the season, scored for United. Matt Le Tissier replied late for the Saints in the final minute.

Aston Villa, which led the standings for 12 weeks in the first half of the season, appears to be in free fall. John Gregory's team dropped further out of contention after losing, 4-1, to its local rival, Coventry.

GERMANY Bayern Munich churned out another rout in the Bundesliga, this time a 4-0 pasting of Hansa Rostock, but neither the coach nor the players were impressed by their own performance.

Rostock, fighting relegation, fell apart after the Munich striker Giovane Elber connected in the 69th minute, paving the way for Munich to pull 12 points clear in the standings.

Munich padded its already huge lead in the standings because second-place Bayer Leverkusen and third-place Kaiserslautern were held to draws.

Bayern Munich may have been looking past Rostock to its key match Wednesday against Kaiserslautern in the Champions Cup quarterfinals.

NETHERLANDS Joo Dahl Tomasson's backheel winner five minutes into injury time Sunday gave Feyenoord its third home victory in eight days, 2-1, over SC Heerenveen.

The victory extended Feyenoord's lead in the Dutch league to eight points with a game in hand over second-place Vitesse Arnhem.

The return of Shota Arveladze and Jari Litmanen from extended injury layoffs spurred Ajax to rout Sparta Rotterdam, 5-1, but Ajax is still in fourth place, trailing Feyenoord by 14 points. Ajax gave away a goal early on, but Arveladze restored confidence with two breakaway strikes, walking the ball into the net on the first. (AP, Reuters)

Aamodt Seizes Ski World Cup Lead

OPFERSCHWANG, Germany—Finn Christian Jagge won the slalom Sunday, but the more significant performances came from the men behind him.

A second Norwegian, Kjetil Andre Aamodt, finished third and gained enough points to take the lead in the overall World Cup standings. Thomas Stangassinger, an Austrian, was second and retained his lead in the slalom World Cup standings.

Jagge clocked a winning combined time of one minute, 47.76 seconds.

Stangassinger recorded a total time of 1:48.81. Aamodt was third at 1:49.13, knocking the Austrian Hermann Maier off the top of the overall standings.

Aamodt leads with 1,130 points, 27 more than Maier, who moved briefly to first place after finishing fourth in a giant slalom Saturday at Ofterschwang.

Maier, who only rarely competes in slaloms, did not enter the race Sunday.

A third Norwegian, Lasse Kjus, who was in the top spot before this weekend, pulled out of the races in this Bavarian resort because of flu. He is now in third place, 41 points behind Aamodt.

Jagge, the 1992 slalom Olympic champion, used two faultless runs on a piste made tricky by soft snow to score the sixth World Cup win of his career on a mild, cloudy day.

"It was difficult because it was quite warm and the piste was not in excellent condition," Jagge said.

Aamodt, who needed a top-seven finish to overtake Maier, said he did not expect to fare so well.

"I'm feeling tired after a long season," said the Norwegian, who won gold in the combined at the world championships last month in Vail, Colorado. The battle for the overall World Cup

title continues next weekend in Kvitfjell, Norway, where two downhill and one Super-G are scheduled.

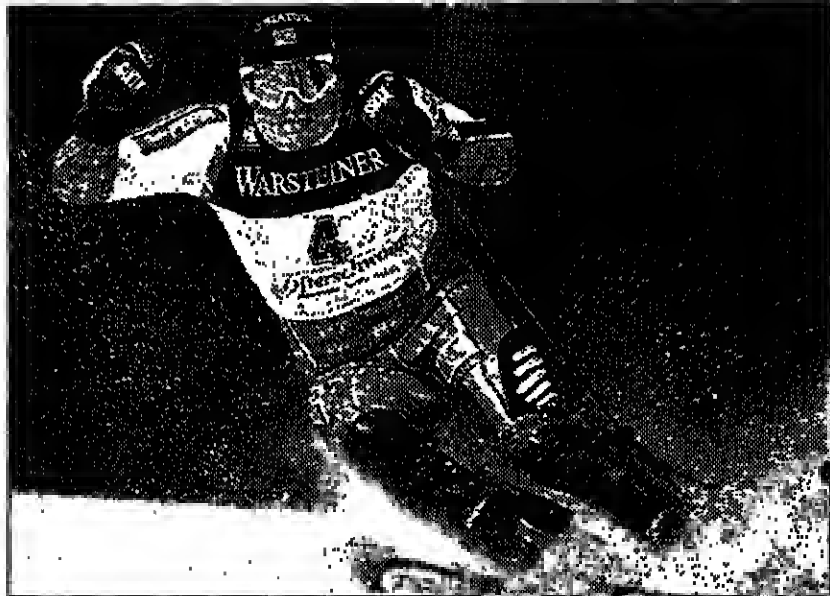
The World Cup finals are the following week in Sierra Nevada, southern Spain.

Michael von Gruenigen, a Swiss skier who finished third, was the only non-Austrian in the top six.

Stephan Eberharter held off Hans Knauss by 27 hundredths of a second to win the giant slalom with a combined time of 2 minutes, 17.79 seconds.

Eberharter's victory, his second in the event this season, was the 14th in a World Cup event by Austrian skiers this season.

• Another Austrian, Renate Goetschl won the World Cup sprint Saturday to increase her lead in the downhill standings. The sprint downhill is raced over two legs. Goetschl was fourth after the first leg. (Reuters, AP)



Finn Christian Jagge, a Norwegian, careered down the circuit at Ofterschwang on Sunday in the first run of the men's World Cup Slalom.



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